

FLAT RATE OFFICE SPACE SUBLEASE

BETWEEN

THE CITY OF SAN DIEGO

AND

KING/CHAVEZ ACADEMY OF EXCELLENCE

THIS FLAT RATE OFFICE SPACE SUBLEASE ("Sublease") is entered into by and between the CITY OF SAN DIEGO, a California municipal corporation ("SUBLANDLORD"), as lessor, and KING/CHAVEZ ACADEMY OF EXCELLENCE, a California non-profit public benefit corporation ("SUBTENANT"), as lessee, to be effective as of the date the Sublease is signed and delivered by the parties and approved by the San Diego City Attorney (the "Effective Date").

RECITALS

- A. SUBLANDLORD, through a separate lease agreement (the "Master Lease") with CCP 1200 LLC (the "Master Landlord"), leases and has control over the office space located at 1200 Third Avenue, San Diego, California, and 201 A Street, San Diego, California 92101 (the "Master Premises"). The Master Lease commenced June 1, 2015, and is set to expire on May 31, 2035.
- B. SUBTENANT is currently occupying the office space at 201 A Street, San Diego, California 92101, on a month-to-month holdover status.
- C. SUBLANDLORD and SUBTENANT desire to enter into a new ten (10) year sublease agreement for certain office space located at 201 A Street, San Diego, California 92101 (the "Premises").
- D. SUBTENANT by its execution of this Sublease hereby unconditionally acknowledges and agrees as follows: (a) SUBTENANT has received a copy of the Master Lease and (b) this Sublease represents a sublease of SUBLANDLORD's rights in and to the Premises, and that this Sublease and the rights of SUBTENANT hereunder are in all respects subject and subordinate to the Master Lease.

NOW, THEREFORE, for and in consideration of the foregoing Recitals, which by this reference are incorporated into and made a part of this Sublease, and for other good and valuable consideration and the mutual agreements hereinafter set forth, SUBLANDLORD and SUBTENANT stipulate, covenant and agree as follows:

SECTION 1: SUBLEASE OF PREMISES.

- 1.1 Sublease of Premises. In consideration of the Rent (as defined at Section 5.2) and the provisions of this Sublease, SUBLANDLORD, as the leasehold owner of the Premises, subleases to SUBTENANT and SUBTENANT subleases from SUBLANDLORD the Premises. The Premises is depicted by the floor plans attached hereto as **Exhibit "A-**

1", Exhibit "A-2", Exhibit "A-3", and Exhibit "A-4" and is further described in Section 2.7 below. SUBTENANT shall have the non-exclusive right (unless otherwise provided herein) in common with SUBLANDLORD and invitees to use the Common Areas (as defined in Section 2.4 below).

SECTION 2: DEFINITIONS.

As used in this Sublease, the following terms shall have the following meanings:

- 2.1 Base Year: The calendar year of 2017.
- 2.2 Broker(s): There shall be no brokerage commission paid by SUBLANDLORD or Master Landlord arising from this transaction. Should SUBTENANT decide to engage and pay a broker to represent it, such engagement shall be at SUBTENANT's sole cost.
- 2.3 Commencement Date: This Sublease shall commence as of the Effective Date, unless another date is mutually agreed upon by the parties (the "Commencement Date").
- 2.4 Common Areas: The Building's lobby(ies), common corridors and hallways, restrooms, stairways, elevators and other generally understood public or common areas shall be considered "Common Areas" for purposes of this Sublease. SUBLANDLORD shall have the right to regulate or restrict access to such Common Areas in a manner that does not unreasonably interfere with SUBTENANT's beneficial use and enjoyment of the Premises.
- 2.5 Expiration Date: Unless otherwise terminated in accordance with the provisions of this Sublease, the original Term of this Sublease shall expire on May 31, 2027.
- 2.6 Parking: No parking shall be provided.
- 2.7 Premises: SUBTENANT shall sublease the entire building consisting of approximately 32,475 rentable square feet.
- 2.8 Project: The building of which the Premises are a part (the "Building") and any other buildings or improvements on the real property (the "Property") located at 201 "A" Street in downtown San Diego, California.
- 2.9 Permitted Use Clause: The Premises shall be used for office and educational uses permitted under all applicable laws and zoning.
- 2.10 Proportionate Share (of Project Operating Costs): 100%
- 2.11 Renewal Option. SUBTENANT shall have the right (the "Renewal Option") to extend the Term of this Sublease for one (1) additional time period of eight (8) years (the "Extension Period") and the Extension Period shall expire in conjunction with the Master Lease on May 31, 2035. The initial Rent for the Extension Period shall be determined by a determination of the then Fair Market Rent by an independent appraiser to be determined by City at its sole discretion. To exercise the Renewal Option,

SUBTENANT must provide notice of SUBTENANT's desire to exercise said option at least twelve (12) months' prior written notice before the date which would be the commencement date of the Extension Period. Fair Market Rent shall be defined as: "The terms and conditions that would be offered to a renewing subtenant for comparable office space in the downtown San Diego area.

- 2.12 Security Deposit: The Security Deposit for this Sublease shall be \$60,000.
- 2.13 SUBLANDLORD's Mailing Address: 1200 Third Avenue, Suite 1700, MS 51A, San Diego, CA 92101
- 2.14 SUBTENANT's Mailing Address: 415 31st Street, San Diego, CA 92102
- 2.15 Term: The Sublease term shall be for ten (10) years ("Term"). The Term shall commence on the Commencement Date and expire at midnight on May 31, 2027.
- 2.16 Termination Right. SUBLANDLORD shall have the right to terminate this Sublease (the "Termination Option") effective any time after the commencement of the seventh lease year of the Sublease. To exercise the Termination Option, SUBLANDLORD shall provide SUBTENANT with written notice of SUBLANDLORD's proposed early termination date ("Early Termination Notice") of the Sublease. The early termination date shall be a date that is at least twenty-four (24) months after the date of the Early Termination Notice.
- 2.17 Time and Place of Payment. All payments to be paid by LESSEE under this Lease shall be made payable to "City Treasurer" and be mailed to:

The Office of the City Treasurer
City of San Diego
P.O. Box 129030
San Diego, California 92112-9030

or hand-delivered to:

The Office of the City Treasurer
Civic Center Plaza
1200 Third Avenue, First Floor
San Diego, California 92101

CITY may change the place of payment at any time upon thirty (30) days written notice to LESSEE. Mailed payments shall be deemed paid upon the date the payment is postmarked by the postal authorities. If postmarks are illegible, the payment shall be deemed received only upon actual receipt.

SECTION 3: EXHIBITS AND ADDENDA.

3.1 The exhibits listed below are incorporated into and made a part of this Sublease by this reference

- Exhibit "A-1", "A-2", "A-3" and "A-4"-Floor Plans showing the Premises.
- Exhibit "B" - Rules and Regulations.

SECTION 4: DELIVERY OF POSSESSION.

4.1 SUBTENANT is in Possession. Upon the commencement of this Sublease, SUBTENANT shall already have been in possession of the Premises for many years. As evidenced by SUBTENANT's execution of this Sublease, SUBTENANT accepts the Premises as-is, with all faults and/or deficiencies, currently known or unknown.

SECTION 5: RENT

5.1 Payment of Base Rent. SUBTENANT agrees to pay the Base Rent in consideration of the Sublease for the Premises. Each Sublease years' Base Rent shall be paid in monthly installments which shall be payable in advance on the first day of each calendar month of the Term. If the Term begins (or ends) on other than the first (or last) day of a calendar month, the Base Rent for the partial month shall be prorated on thirty (30) day basis. SUBTENANT shall pay SUBLANDLORD the first Monthly Installment of Base Rent upon commencement of the Term.

5.2 The first year's Base Rent shall be \$1.89 per rentable square foot per month and shall increase by two and one-half percent (2.5%) on each annual anniversary of the Sublease Commencement Date. SUBTENANT will only pay rent on 22,472 rentable square feet of the Premises, which excludes the portion thereof located in the basement. The parties acknowledge and agree that said number of rentable square feet is deemed to be the amount upon which SUBTENANT shall pay Base Rent, regardless of any subsequent re-measurement of the Premises or any portion thereof. The Base Rent shall be for a full service gross rate and includes all Project Operating Costs incurred during SUBTENANT's Base Year (2017). The Base Rent will include the cost of electricity, until separately metered to the Premises under SUBTENANT's name; SUBTENANT shall pay for the cost of such electricity when separately metered directly to SUBTENANT's electricity provider.

		<u>Monthly</u>	<u>Annually</u>
5.3	<u>Base Rent:</u> Year 1 (Months 1-12)	\$42,472.08	\$509,664.96
	Year 2 (Months 13-24)	\$43,533.88	\$522,406.56
	Year 3 (Months 25-36)	\$44,622.23	\$535,466.76
	Year 4 (Months 37-48)	\$45,737.78	\$548,853.36
	Year 5 (Months 49-60)	\$46,881.23	\$562,574.76
	Year 6 (Months 61-72)	\$48,053.26	\$576,639.12
	Year 7 (Months 73-84)	\$49,254.59	\$591,055.08
	Year 8 (Months 85-98)	\$50,485.95	\$605,831.40

Year 9 (Months 99-108)	\$51,748.10	\$620,977.20
Year 10 (Months 109-120)	\$53,041.80	\$636,501.60

- 5.4 Rent Abatement. SUBTENANT shall be entitled to an abatement of rent equal to one-half of the amount of money SUBTENANT intends to spend on Tenant Improvements to the Premises (the "Rent Abatement TIs"). Notwithstanding the foregoing, it is agreed that (1) eligible Rent Abatement TIs shall not include any energy efficient upgrades, and (2) the total amount of rent abatement granted SUBTENANT shall not exceed an amount equal to five (5) months of rent in Sublease Year 1. Based on SUBTENANT's plans, as of the Commencement Date, to invest approximately \$300,000 in Tenant Improvements in the Premises, such an expenditure (if all such TIs are eligible Rent Abatement TIs) would result in SUBTENANT being entitled to approximately three (3) months of abated rent. Abated rent shall commence upon SUBTENANT providing SUBLANDLORD proof of expenditures and SUBLANDLORD confirming the expenditures are eligible Rent Abatement TIs and will continue until the \$300,000 is exhausted provided no SUBTENANT default.
- 5.5 Reserved.
- 5.6 The term "Project Operating Costs" includes all those items described in subsections 5.6.1 and 5.6.2 below.
- 5.6.1 All taxes, assessments, water and sewer charges and other similar governmental charges levied on or attributable to the Building or Project or their operation, including without limitation, (i) real property taxes or assessments levied or assessed against the Building or Project, (ii) assessments or charges levied or assessed against the Building or Project by any redevelopment agency or any other governmental or administrative agency or authority, (iii) any tax measured by gross rentals received from the leasing of the Premises, Building or Project, excluding any net income, franchise, capital stock, estate or inheritance taxes imposed by the State or federal government or their agencies, branches or departments; provided that if at any time during the Term any governmental entity levies, assesses or imposes on SUBLANDLORD any (1) general or special, ad valorem or specific, excise, capital levy or other tax, assessment, levy or charge directly on the Rent received under this Sublease or on the rent received under any other subleases of space in the Building or Project, or (2) any license fee, excise or franchise tax, assessment, levy or charge measured by or based, in whole or in part, upon such rent, or (3) any transfer, transaction, or similar tax, assessment, levy or charge based directly or indirectly upon the transaction represented by this Sublease or such other subleases, or (4) any occupancy, use, per capita or other tax, assessment, levy or charge based directly or indirectly upon the use or occupancy of the Premises or other premises within the Building or Project, then any such taxes, assessments, levies and charges shall be deemed to be included in the term Project Operating Costs.

5.6.2 Project Operating Costs incurred by SUBLANDLORD in maintaining and operating the Building and Project, including without limitation the following: costs of (1) utilities; (2) supplies; (3) insurance (including public liability, property damage, earthquake, and fire and extended coverage insurance for the full replacement cost of the Building and Project as required by SUBLANDLORD or its lenders for the Project; (4) services of independent contractors; (5) compensation (including employment taxes and fringe benefits) of all persons who perform duties connected with the operation, maintenance, repair or overhaul of the Building or Project, and equipment, improvements and facilities located within the Project, including without limitation engineers, janitors, painters, floor waxers, window washers, security and parking personnel and gardeners (but excluding persons performing services not uniformly available to or performed for substantially all Building or Project SUBTENANTS); (6) operation and maintenance of a room for delivery and distribution of mail to SUBTENANTS of the Building or Project as required by the U.S. Postal Service (including, without limitation, an amount equal to the fair market rental value of the mail room premises); (7) management of the Building or Project, whether managed by CITY or an independent contractor (including, without limitation, an amount equal to the fair market value of any on-site manager's office; (8) rental expenses for (or a reasonable depreciation allowance on) personal property used in the maintenance, operation or repair of the Building or Project; (9) costs, expenditures or charges (whether capitalized or not) required by any governmental or quasi-governmental authority; (10) amortization of capital expenses (including financing costs) (i) required by a governmental entity for energy conservation or life safety purposes, or (ii) made by SUBLANDLORD to reduce Project Operating Costs; and (11) any other costs or expenses incurred by SUBLANDLORD under this Sublease and not otherwise reimbursed by SUBTENANTS of the Project.

5.6.3 SUBTENANT shall pay SUBTENANT's Proportionate Share (100%) of the aggregated Project Operating Costs associated with the Premises and the Building which are above the Base Year (2017). Project Operating Costs include utilities (except separately metered electricity), real property taxes, common area maintenance expenses, insurance costs, and five days per week janitorial service. The Base Year and each subsequent year for Project Operating Costs will be calculated as if the Building were 95% occupied and fully tax assessed. As part of the Project Operating Costs, there shall be a SUBLANDLORD-charged property management fee. Such fee shall not exceed three percent (3%) of the Base Rent. SUBLANDLORD shall maintain and replace all structural walls, foundations, concrete subflooring, all elements of the roof and underground utilities ("Structural Elements") of the Building and site structures, which shall be included in the Project Operating Costs.

5.7 Reserved.

- 5.8 SUBTENANT's Proportionate Share of Project Operating Costs (100%) shall be payable by SUBTENANT to SUBLANDLORD as follows:
- 5.8.1 Beginning with the calendar year following the Base Year and for each calendar year thereafter ("Comparison Year"), SUBTENANT shall pay SUBLANDLORD an amount equal to SUBTENANT's Proportionate Share of the Project Operating Costs incurred by SUBLANDLORD in the Comparison Year which exceeds the total amount of Project Operating Costs payable or deemed payable by SUBLANDLORD for the Base Year. This excess is referred to as the "Excess Expenses."
- 5.8.2 To provide for current payments of Excess Expenses, SUBTENANT shall, at SUBLANDLORD's request, pay as additional rent during each Comparison Year, an amount equal to SUBTENANT's Proportionate Share of the Excess Expenses payable during such Comparison Year, as reasonably estimated by SUBLANDLORD from time to time. Such payments shall be made in monthly installments, commencing on the first day of the month following the month in which SUBLANDLORD notifies SUBTENANT of the amount it is to pay hereunder and continuing until the first day of the month following the month in which SUBLANDLORD gives SUBTENANT a new notice of estimated Excess Expenses. It is the intention hereunder to estimate from time to time the amount of the Excess Expenses for each Comparison Year and SUBTENANT's Proportionate Share thereof, and then to make an adjustment in the following year based on the actual Excess Expenses incurred for that Comparison Year.
- 5.8.3 On or before March 31st of each Comparison Year after the first Comparison Year (or as soon thereafter as is practical), SUBLANDLORD shall deliver to SUBTENANT a statement setting forth SUBTENANT's Proportionate Share of the Excess Expenses for the preceding Comparison Year. If SUBTEANT's Proportionate Share of the actual Excess Expenses for the previous Comparison Year exceeds the total of the estimated monthly payments made by SUBTENANT for such year, SUBTENANT shall pay SUBLANDLORD the amount of the deficiency within thirty (30) days of the receipt of the statement of such total exceeds SUBTENANT's Proportionate Share of the actual Excess Expenses for such Comparison Year, then SUBLANDLORD shall credit against SUBTENANT's next ensuing monthly installment(s) of additional rent an amount equal to the difference until the credit is exhausted. If a credit is due from SUBLANDLORD on the Expiration Date, SUBLANDLORD shall pay SUBTENANT the amount of the credit. The obligations of SUBTENANT and SUBLANDLORD to make payments required under this Section 5.9 shall survive the Expiration Date.
- 5.8.4 SUBTENANT's Proportionate Share of Excess Expenses in any Comparison Year having less than 365 days shall be appropriately prorated.

- 5.9 Definition of Rent. All costs and expenses which SUBTENANT assumes or agrees to pay to SUBLANDLORD under this Sublease shall be deemed additional rent (which, together with the Base Rent is sometimes referred to as the "Rent"). The Rent shall be paid to SUBLANDLORD (or other Designee) and at such place, as SUBLANDLORD may from time to time designate in writing, without any prior demand therefore and without deduction or offset, in lawful money of the United States of America.
- 5.10 Rent Control. If the amount of Rent or any other payment due under this Sublease violates the terms of any governmental restrictions on such Rent or payment, then the Rent or payment due during the period of such restrictions shall be the maximum amount allowable under those restrictions. Upon termination of the restrictions, SUBLANDLORD shall, to the extent it is legally permitted, recover from SUBTENANT the difference between the amounts received during the period of the restrictions and the amounts SUBLANDLORD would have received had there been no restrictions.
- 5.11 Taxes. SUBTENANT shall pay, before delinquency, all taxes, assessments and fees assessed or levied upon the Premises or upon SUBTENANT's use and occupancy of the Premises, including without limitation licenses and permits, and including the land and any improvements or fixtures installed or maintained by SUBTENANT thereon. SUBTENANT acknowledges that this Lease may create a possessory interest subject to property taxation and that SUBTENANT may be subject to the payment of taxes levied on that possessory interest. SUBTENANT shall pay all such possessory interest taxes. SUBTENANT's payment of taxes, fees and assessments shall not reduce any rent due to the SUBLANDLORD. SUBLANDLORD shall not assume any responsibility for any taxes whatsoever resulting from SUBTENANT's possession, use or occupancy of the Premises.

SECTION 6: INTEREST AND LATE CHARGES

- 6.1 Delinquent Payments. If SUBTENANT fails to make any payment under this Lease within three (3) business days after the date due, SUBTENANT shall pay to SUBLANDLORD, in addition to the unpaid amount, five percent (5%) of the unpaid amount, which shall be additional rent. If any amount of such payment remains unpaid after fifteen (15) days past due, SUBTENANT shall pay to SUBLANDLORD an additional five percent (5%) of the unpaid amount being a total of ten percent (10%), which shall be additional rent. Notwithstanding the foregoing, in no event shall the charge for late payment of rent be less than Twenty-Five Dollars (\$25). After thirty (30) days past due, unpaid amounts due SUBLANDLORD under this Lease may be referred to the San Diego City Treasurer for collection, and shall be subject to San Diego Municipal Code section 22.1707, as may be amended from time to time. SUBTENANT shall pay to SUBLANDLORD any collection-referral fee and all other fees and charges plus interest as may then be charged by the San Diego City Treasurer under authority of the San Diego Municipal Code. Acceptance of late charges and any portion of the late payment by SUBLANDLORD shall neither constitute a waiver of SUBTENANT's breach or default with respect to the late payment nor prevent SUBLANDLORD from exercising any other rights and remedies available at law or in equity. As required by

law, SUBTENANT is hereby notified that a negative credit report may be submitted to a credit reporting agency if amounts due SUBLANDLORD are not paid when due.

SECTION 7: SECURITY DEPOSIT

- 7.1 Security Deposit: On or before the date of execution of this Sublease by SUBTENANT, SUBTENANT shall deliver \$30,000 to SUBLANDLORD. Said \$30,000, when added to the \$30,000 security deposit currently held by SUBLANDLORD pursuant to the lease under which SUBTENANT currently occupies portions of the Building, shall constitute the required Security Deposit hereunder. The Security Deposit shall be security for SUBTENANT's faithful performance of its obligations under this Sublease. SUBLANDLORD and SUBTENANT agree that the Security Deposit may be commingled with funds of SUBLANDLORD and SUBLANDLORD shall have no obligation or liability for payment of interest on such deposit. SUBTENANT shall not mortgage, assign, transfer or encumber the Security Deposit without the prior written consent of SUBLANDLORD and any attempt by SUBTENANT to do so shall be void, without force or effect and shall not be binding upon SUBLANDLORD.
- 7.2 If SUBTENANT fails to pay any Rent or other amount when due and payable under this Sublease, or fails to perform any of the terms hereof, SUBLANDLORD may appropriate and apply or use all or any portion of the Security Deposit for Rent payments or any other amount then due and unpaid, for payment of any amount for which SUBLANDLORD has become obligated as a result of SUBTENANT's default or breach, and for any loss or damage sustained by SUBLANDLORD as a result of SUBTENANT's default or breach, and SUBLANDLORD may so apply or use this deposit without prejudice to any other remedy SUBLANDLORD may have by reason of SUBTENANT's default or breach. If SUBLANDLORD so uses any of the Security Deposit, SUBTENANT shall, within ten (10) days after written demand therefore, restore the Security Deposit to the full amount originally deposited; SUBTENANT's failure to do so shall constitute an act of default hereunder and SUBLANDLORD shall have the right to exercise any remedy provided for at Section 28.3 hereof. SUBLANDLORD shall return the Security Deposit to SUBTENANT according to California law.

SECTION 8: SUBTENANT'S USE OF THE PREMISES

- 8.1 SUBTENANT shall use the Premises solely for the purposes set forth in SUBTENANT's Use Clause (see Section 2.9). SUBTENANT shall not use or occupy the Premises in violation of law or any covenant, condition or restriction affecting the Building or Project or the certificate of occupancy issued for the Building or Project, and shall, upon notice from SUBLANDLORD, immediately discontinue any use of the Premises which is declared by any governmental authority having jurisdiction to be a violation of law or the certificate of occupancy. SUBTENANT, at SUBTENANT's own cost and expense, shall comply with all laws, ordinances, regulations, rules and/or any directions of any governmental agencies or authorities having jurisdiction over, or pertaining to, the Premises and SUBTENANT's use or occupancy of the Premises, including all costs and expenses involved with any obligation imposed on

SUBLANDLORD with respect to the Premises or its use or occupation by SUBTENANT. A judgment of any court of competent jurisdiction or the admission by SUBTENANT in any action or proceeding against SUBTENANT that SUBTENANT has violated any such laws, ordinances, regulations, rules and/or directions in the use of the Premises shall be deemed to be a conclusive determination of that fact as between SUBLANDLORD and SUBTENANT. SUBTENANT shall not do or permit to be done anything which will invalidate or increase the cost of any fire, extended coverage or other insurance policy covering the Building or Project and/or property located therein, and shall comply with all rules, orders, regulations, requirements and recommendations of the Insurance Services Office or any other organization performing a similar function. SUBTENANT shall promptly upon demand reimburse SUBLANDLORD for any additional premium charged for such policy by reason of SUBTENANT's failure to comply with the provisions of this Section. SUBTENANT shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other subtenants or occupants of the Building or Project, or injure or annoy them, or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall SUBTENANT cause, maintain or permit any nuisance in, on or about the Premises. SUBTENANT shall not commit or suffer to be committed any waste in or upon the Premises. Notwithstanding anything herein to the contrary, SUBTENANT shall not be responsible for compliance with legal requirements relating to the structural elements of the Building unless such structural elements relate to modifications made to the Premises by the SUBTENANT.

SECTION 9: SERVICES AND UTILITIES

- 9.1 Provided that SUBTENANT is not in default hereunder, SUBLANDLORD agrees to furnish services and utilities (as set forth in this Sublease) to the Premises during normal business hours, which shall be determined by SUBLANDLORD in its sole discretion. For purposes of this Section, "normal business hours" shall mean: weekdays 7:00 a.m. to 7:00 p.m., Saturdays, subject to a required 72 hour prior written notice, 7:00 a.m. to 2:00 p.m. Sundays and Holidays are excluded from normal business hours. SUBTENANT shall be responsible for all additional maintenance, service or other charges for excessive, and/or after hour use, and subject to the Rules and Regulations of the Building or Project, electricity for normal desk top office equipment and normal copying equipment, school laboratories, and heating, ventilation and air conditioning ("HVAC") as required in SUBLANDLORD's judgment for the comfortable use and occupancy of the Premises consistent with the Building's normal business hours, as stated above. If SUBTENANT desires HVAC during any non-normal business hour, SUBLANDLORD shall use reasonable efforts to furnish such service upon reasonable notice, which notice shall be no less than 24 hours' advance written notice, from SUBTENANT. SUBTENANT shall be charged for a minimum of two hours at SUBLANDLORD's non-normal business hour rate of \$50.00/hour and SUBTENANT shall pay SUBLANDLORD's charges therefore on demand. SUBLANDLORD's non-normal business hour rate for HVAC shall be subject to change at SUBLANDLORD's discretion. SUBLANDLORD shall also maintain and keep lighted the common stairs, common entries and restrooms in the Building. SUBLANDLORD shall not be in default hereunder or be liable for any damages directly or indirectly resulting from, nor

shall the Rent be abated by reason of (i) the installation, use or interruption of use of any equipment in connection with the furnishing of any of the foregoing services, (ii) failure to furnish or delay in furnishing any such services where such failure or delay is caused by accident or any condition or event beyond the reasonable control of SUBLANDLORD, or by the making of necessary repairs or improvements to the Premises, Building or Project, or (iii) the limitation, curtailment or rationing of, or restrictions on, use of water, electricity, gas or any other form of energy serving the Premises, Building or Project. SUBLANDLORD shall not be liable under any circumstances for a loss of or injury to property or business, however occurring, through or in connection with or incidental to failure to furnish any such services. If SUBTENANT uses heat generating machines or equipment in the Premises which affect the temperature otherwise maintained by the HVAC system, SUBLANDLORD reserves the right to install supplementary air conditioning units in the Premises and the cost thereof, including the cost of installation, operation and maintenance thereof, shall be paid by SUBTENANT to SUBLANDLORD upon demand by SUBLANDLORD.

9.2 SUBTENANT shall not, without the written consent of SUBLANDLORD, use any apparatus or device in the Premises, including without limitation, electronic data processing machines, punch card machines or machines using in excess of 120 volts, which consumes more electricity than is usually furnished or supplied for the use of premises as general office space and educational uses, as determined by SUBLANDLORD. SUBTENANT shall not connect any apparatus with electric current except through existing electrical outlets in the Premises. SUBTENANT shall not consume water or electric current in excess of that usually furnished or supplied for the use of premises as general office space and educational uses (as determined by SUBLANDLORD), without first procuring the written consent of SUBLANDLORD, which SUBLANDLORD may refuse, and in the event of consent, SUBLANDLORD may have installed a water meter or electrical current meter in the Premises to measure the amount of water or electric current consumed if required beyond existing meter(s). The cost of any such meter and of its installation, maintenance and repair shall be paid for by the SUBTENANT and SUBTENANT agrees to pay to SUBLANDLORD promptly upon demand for all such water and electric current consumed as shown by said meters, at the rates charged for such services by the local public utility plus any additional expense incurred in keeping account of the water and electric current so consumed. If a separate meter is not installed, the excess cost for such water and electric current shall be established by an estimate made by a utility company or electrical engineer hired by SUBLANDLORD at SUBTENANT's expense.

9.3 Nothing contained in this Section shall restrict SUBLANDLORD's right to require at any time separate metering of utilities furnished to the Premises. In the event utilities are separately metered, SUBTENANT shall pay promptly upon demand for all utilities consumed at utility rates charged by the local public utility plus any additional expense incurred by SUBLANDLORD in keeping account of the utilities so consumed by SUBTENANT plus any additional expense incurred by SUBLANDLORD in keeping account of the utilities so consumed. SUBTENANT shall be responsible for the maintenance and repair of any such meters at its sole cost.

- 9.4 SUBLANDLORD shall furnish elevator service for the two elevators that exist as of the Commencement Date, lighting replacement for building standard lights, restroom supplies which are not excessive, window washing and janitor services, all in a manner that such services are customarily furnished to comparable office buildings in the area.

SECTION 10: CONDITION OF THE PREMISES

- 10.1 SUBLANDLORD shall deliver the Premises "as-is" with all faults, without any representation or warranty, express or implied, as to the condition of the same or the suitability of the same for SUBTENANT's proposed use. SUBLANDLORD shall not have the obligation to make any improvements or additions to the Premises. SUBLANDLORD makes no representation or warranty as to the adequacy of any requirements that the City of San Diego, as a regulatory agency, may impose with respect to the improvement of the Premises.
- 10.2 SUBTENANT's taking/remaining in possession of the Premises shall be deemed conclusive evidence that as of the Commencement Date the Premises are in good order and satisfactory condition, except for such matters as to which SUBTENANT gave SUBLANDLORD notice on or before the Commencement Date. No promise of SUBLANDLORD to alter, remodel, repair or improve the Premises, the Building or the Project and no representation, express or implied, respecting any matter or thing relating to the Premises, Building, Project or this Sublease (including, without limitation, the condition of the Premises, the Building or the Project) have been made to SUBTENANT by SUBLANDLORD or any agent of SUBLANDLORD, other than as may be contained herein or in a separate exhibit or addendum signed by SUBLANDLORD and SUBTENANT.

SECTION 11: CONSTRUCTION, REPAIRS AND MAINTENANCE

- 11.1 SUBLANDLORD's Obligations. SUBLANDLORD shall maintain in good order, condition and repair, the Premises, Building and Project and the facilities and systems thereof, maintenance of HVAC equipment, elevators, plumbing, pipes and fixtures, electrical wiring, switches and fixtures, and all other portions of the Premises not the obligation of SUBTENANT or of any other SUBTENANT in the Building. Although regular and standard maintenance and all operational aspects of such work shall be performed by SUBLANDLORD, SUBTENANT shall be solely responsible for reimbursing SUBLANDLORD for all costs and expenses associated therewith. Notwithstanding the foregoing, all costs and expenses associated with a major overhaul/rebuild and/or replacement of a capital improvement of the Building (e.g. a major overhaul/rebuild and/or replacement of an elevator or the roof), shall be at SUBLANDLORD's sole expense.
- 11.2 SUBTENANT's Obligations.
- 11.2.1 SUBTENANT at SUBTENANT's sole expense, shall, except for services furnished by SUBLANDLORD pursuant to this Sublease maintain the Premises in good order, condition and repair, including the interior surfaces

of the ceilings, walls and floors, all doors, all interior windows, all plumbing, pipes and fixtures, electrical wiring, switches and fixtures and special items and equipment installed by or at the expense of SUBTENANT. SUBTENANT at SUBTENANT's sole expense, is responsible during the warranty period for any maintenance or repairs required to new construction and/or newly installed equipment. Notwithstanding the foregoing, SUBTENANT shall not be responsible for the maintenance of HVAC equipment, which shall be maintained by SUBLANDLORD.

- 11.2.2 SUBTENANT shall be responsible for all repairs and alterations in and to the Premises, Building and Project and the facilities and systems thereof, the need for which arises out of (i) SUBTENANT's use or occupancy of the Premises, (ii) the installation, removal, use or operation of SUBTENANT's Property in the Premises, (iii) the moving of SUBTENANT's Property into or out of the Building, or (iv) the act, omission, misuse or negligence of SUBTENANT, its agents, contractors, employees or invitees.
- 11.2.3 If SUBTENANT fails to maintain the Premises in good order, condition and repair as provided hereunder, SUBLANDLORD shall give LESSEE notice to do such acts as are reasonably required to so maintain the Premises. If SUBTENANT fails to promptly commence such work and diligently prosecute it to completion, then SUBLANDLORD shall have the right to do such acts and expend such funds at the expense of SUBTENANT as are reasonably required to perform such work. Any amount so expended by SUBLANDLORD shall be paid by SUBTENANT promptly after demand with interest at the prime commercial rate then being reported in the Money Rates column or section of the most recent issue of the Wall Street Journal (or similar financial publication) plus two percent (2%) per annum, from the date of such work, but not to exceed the maximum rate then allowed by law. SUBLANDLORD shall have no liability to SUBTENANT for any damage, inconvenience, or interference with the use of the Premises by SUBTENANT as a result of performing any such work.
- 11.3 Compliance with Law. SUBLANDLORD and SUBTENANT shall each do all acts required to comply with all applicable laws, ordinances, and rules of any public authority relating to their respective maintenance obligations as set forth herein.
- 11.4 Waiver by SUBTENANT. SUBTENANT expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford the SUBTENANT the right to make repairs at SUBLANDLORD's expense or to terminate this Sublease because of SUBLANDLORD's failure to keep the Premises in good order, condition and repair.
- 11.5 Load and Equipment Limits. SUBTENANT shall not place a load upon any floor of the Premises which exceeds the load per square foot which such floor was designed to carry, as determined by SUBLANDLORD or SUBLANDLORD's structural engineer. The cost of any such determination made by SUBLANDLORD's structural engineer shall

be paid for by SUBTENANT upon demand. SUBTENANT shall not install business machines or mechanical equipment which cause noise or vibration to such a degree as to be objectionable to SUBLANDLORD or other Building SUBTENANTS.

- 11.6 Liability. Except as otherwise expressly provided in this Sublease, SUBLANDLORD shall have no liability to SUBTENANT nor shall SUBTENANT's obligations under this Sublease be reduced or abated in any manner whatsoever by reason of any inconvenience, annoyance, interruption or injury to business arising from SUBLANDLORD's making any repairs or changes which SUBLANDLORD is required or permitted by this Sublease or by any other SUBTENANT's sub lease or required by law to make in or to any portion of the Project, Building or the Premises. SUBLANDLORD shall nevertheless use reasonable efforts to minimize any interference with SUBTENANT's business in the Premises.
- 11.7 Notice of Damage. SUBTENANT shall give SUBLANDLORD prompt notice of any damage to or defective condition in any part or appurtenance of the Building's mechanical, electrical, plumbing, HVAC or other systems serving, located in, or passing through the Premises.
- 11.8 Return of Premises. Upon the expiration or earlier termination of this S u b l e a s e, SUBTENANT shall return the Premises to SUBLANDLORD clean and in the same condition as on the date SUBTENANT took possession, except for normal wear and tear. Any damage to the Premises, including any structural damage, resulting from SUBTENANT's use or from the removal of SUBTENANT's fixtures, furnishings and equipment shall be repaired by SUBTENANT at SUBTENANT's expense.

SECTION 12: ALTERATIONS AND ADDITIONS.

- 12.1 SUBTENANT shall not make any additions, alterations or improvements to the Premises without obtaining the prior written consent of SUBLANDLORD. SUBLANDLORD's consent may be conditioned on SUBTENANT's removing any such additions, alterations or improvements upon the expiration of the Term and restoring the Premises to the same condition as on the date SUBTENANT took possession. All work with respect to any addition, alteration or improvement shall be done in a good and workmanlike manner by properly qualified and licensed personnel approved by SUBLANDLORD, and such work shall be diligently prosecuted to completion.
- 12.2 SUBTENANT shall pay the costs of any work done on the Premises pursuant to Section 12.1, and shall keep the Premises, Building and Project free and clear of liens of any kind. SUBTENANT shall indemnify, defend against and keep SUBLANDLORD free and harmless from all liability, loss, damage, costs, attorneys' fees and any other expense incurred on account of claims by any person performing work or furnishing materials or supplies for SUBTENANT or any person claiming under SUBTENANT.
- 12.3 SUBTENANT shall keep SUBTENANT's sub-leasehold interest, and any additions or improvements which are or become the property of SUBLANDLORD under this S u b

l ease, free and clear of all attachment or judgment liens. Before the actual commencement of any work for which a claim or lien may be filed, SUBTENANT shall give SUBLANDLORD notice of the intended commencement date a sufficient time before that date to enable SUBLANDLORD to post notices of non-responsibility or any other notices which SUBLANDLORD deems necessary for the proper protection of SUBLANDLORD's interest in the Premises, Building or the Project, and SUBLANDLORD shall have the right to enter the Premises and post such notices at any reasonable time.

- 12.4 SUBTENANT shall be one hundred percent (100%) completely responsible for all Tenant Improvements costs, along with all costs triggered by or arising from any such Tenant Improvements. All work shall be done pursuant to permit(s) (where necessary) and in a condition that meets all current codes and conditions including Title 24, seismic, fire and life safety, structural support of existing MEP items and ceilings, exit lighting within the building and egress lighting at all exit doors leaving the building, and Americans With Disabilities Act requirements (including path or travel to and from the building and parking areas). Any alterations or additions for all construction work shall be performed under Living/Prevailing Wage Guidelines per this subsection, and/or pursuant to applicable law. If SUBTENANT contests having to pay Prevailing Wages, SUBLANDLORD shall allow SUBTENANT, upon prior written notification to SUBTENANT, to construct such Tenant Improvements without paying Prevailing Wages ONLY IF, AND PRIOR TO COMMENCING ANY SUCH CONSTRUCTION ACTIVITIES: (1) SUBTENANT obtains a written opinion from the State of California Department of Industrial Relations determining that SUBTENANT is not required to pay Prevailing Wages for the construction of the Tenant Improvements and delivers the same to SUBLANDLORD; and (2) SUBTENANT provides SUBLANDLORD with a written indemnification agreement wherein SUBTENANT specifically agrees to protect, defend, indemnify and hold harmless SUBLANDLORD against any and all claims, damages, losses, liabilities of any type, including attorney fees, resulting from any type of claim or action brought by any party contesting SUBTENANT's failure to comply with the Prevailing Wage Guidelines. Any such compliance work and related costs required for the above, whether discovered prior to acceptance of the Premises, during the Tenant Improvement process, or during the term of the Sublease, shall be at Subtenant's sole expense. SUBTENANT shall be solely responsible for posting lien bonds to cover the planned Tenant Improvements. SUBTENANT and its Project Management team shall competitively bid/negotiate the Tenant Improvement construction with SUBLANDLORD's reasonable consent, from a list of mutually approved contractors. Subtenant is required to utilize SUBLANDLORD's contractors/vendors for all mechanical, electrical, plumbing, life safety, and other major building systems. At SUBTENANT's sole expense, SUBLANDLORD share hire a professional construction management company who shall charge a commercially reasonable rate. SUBLANDLORD preapproves Jacob Dean Construction as one eligible contractor to handle the design and construction of the Tenant Improvements on a design/build basis. At the completion of the Tenant Improvements, SUBTENANT shall deliver to SUBLANDLORD a complete set of the As-Built Tenant Improvements.

- 12.4.1 More specifically, SUBTENANT may, at its election, complete energy upgrades within six to nine months after full execution of the Sublease, estimated to cost approximately \$279,000.00. SUBTENANT shall receive SUBLANDLORD's consent, not to be unreasonably withheld, conditioned or delayed, before making any such energy upgrades.
- 12.4.2 SUBTENANT's primary Tenant Improvements, are estimated to cost approximately \$300,000.00; the following improvements are planned:
- Construction Plans for Permitting.
 - Engineering and Design for Permitting
 - Exiting – Widening Halls – 1 Hour Corridors
 - Lighting - Reflected Ceiling Plan to meet current code
 - Electrical Upgrades to meet current code
 - ADA Upgrades
 - Flooring
 - Paint
 - Reconfigure some of the existing space.
 - Remove and Dispose of Vault Doors
- 12.5 SUBLANDLORD will require, at SUBLANDLORD's sole option, that SUBTENANT provide to SUBLANDLORD, at SUBTENANT's expense, a lien and performance bond in an amount equal to at least one and one-half times the total estimated cost of any additions, alterations or improvements to be made in or to the Premises, to protect SUBLANDLORD against any liability for mechanic's and materialmen's liens and to insure timely completion of the work. Nothing contained in this Section 12.5 shall relieve SUBTENANT of its obligation under Section 12.2 to keep the Premises, Building and Project free of all liens.
- 12.6 Unless their removal is required by SUBLANDLORD as provided in Section 12.1, all additions, alterations and improvements made to the Premises shall become the property of SUBLANDLORD and be surrendered with the Premises upon the expiration of the Term; provided, however, SUBTENANT equipment, machinery and trade fixtures shall be removed without damage to the Premises shall remain the property of SUBTENANT and may be removed, subject to the provisions of Section 12.6.
- 12.7 Provided SUBTENANT first obtains the prior written consent of SUBLANDLORD and complies with all laws, SUBTENANT shall have the right to maintain SUBTENANT's existing sign on the front of the Building at SUBTENANT's sole expense.

SECTION 13: SUB-LEASEHOLD IMPROVEMENTS; SUBTENANT'S PROPERTY

- 13.1 All fixtures, equipment, alterations, improvements and appurtenances attached to or built into the Premises at the commencement of or during the Term, whether or not by or at the expense of SUBTENANT ('Sub-leasehold Improvements'), shall be and remain a part of the Premises, shall be the property of SUBLANDLORD and shall not be removed by SUBTENANT, except as expressly provided in Section 13.2.

- 13.2 All movable partitions, business and trade fixtures, machinery and equipment, communications equipment and office equipment located in the Premises and acquired by or for the account of SUBTENANT, without expense to SUBLANDLORD, which can be removed without structural damage to the Building, and all furniture, furnishings and other articles of movable personal property owned by SUBTENANT and located in the Premises (collectively "SUBTENANT's Property") shall be and shall remain the property of SUBTENANT and may be removed by SUBTENANT at any time during the Term; provided that if any of SUBTENANT's Property is removed, SUBTENANT shall promptly repair any damage to the Premises or to the Building resulting from such removal.
- 13.3 SUBLANDLORD will not enter into an agreement to release, sell or transfer its interest in the Building without providing SUBTENANT at least 30 days' advance notice.

SECTION 14: RULES AND REGULATIONS

- 14.1 SUBTENANT agrees to comply with (and cause its agents, contractors, employees and invitees to comply with) the rules and regulations attached hereto as **EXHIBIT "B"** and with such reasonable modifications thereof and additions thereto as SUBLANDLORD may from time to time make. SUBLANDLORD shall not be responsible for any violation of said rules and regulations by other SUBTENANTS or occupants of the Building or Project.

SECTION 15: CERTAIN RIGHTS RESERVED BY SUBLANDLORD

- 15.1 SUBLANDLORD reserves the following rights, exercisable without liability to SUBTENANT, for (a) damage or injury to property, person or business, (b) causing an actual or constructive eviction from the Premises, or (c) disturbing SUBTENANT's use or possession of the Premises:
- 15.1.1 To name the Building and Project and to change the name or street address of the Building or Project;
 - 15.1.2 To have pass keys to the Premises and all doors within the Premises, excluding SUBTENANT's vaults and safes;
 - 15.1.3 At any time during the Term, and on reasonable prior notice to SUBTENANT and, if requested by SUBTENANT, accompanied by a representative of SUBTENANT, to inspect the Premises, and to show the Premises to any prospective purchaser or mortgagee of the Project, or to any assignee of any mortgage on the Project, or to others having an interest in the Project or SUBLANDLORD, and during the last six months of the Term, to show the Premises to prospective SUBTENANTS thereof; and
 - 15.1.4 On reasonable prior notice to SUBTENANT and, if requested by SUBTENANT, accompanied by a representative of SUBTENANT, to enter the Premises for the purpose of making inspections, repairs, alterations, additions or improvements to the Premises or the Building (including,

without limitation, checking, calibrating, adjusting or balancing controls and other parts of the HVAC system), and to take all steps as may be necessary or desirable for the safety, protection, maintenance or preservation of the Premises or the Building or SUBLANDLORD's interest therein, or as may be necessary or desirable for the operation or improvement of the Building or in order to comply with laws, orders or requirements of governmental or other authority. SUBLANDLORD agrees to use its best efforts (except in an emergency) to minimize interference with SUBTENANT's business in the Premises in the course of any such entry. SUBLANDLORD shall allow SUBTENANT, to the extent provided under applicable law, to screen any person who may enter the Premises and who may come into regular contact with students. SUBLANDLORD shall keep books, records and other documents containing any identifiable student information confidential and shall not disclose such information to any third party, except as may be required under applicable law or court order. SUBTENANT shall have the right to deny entry to any person on a temporary basis if reasonably necessary to protect the health and safety of students or faculty of SUBTENANT.

- 15.2 Notice of Non-responsibility. Subject to reasonable prior notice, and, if requested by SUBTENANT, accompanied by a representative of SUBTENANT, SUBLANDLORD or its representatives shall have the right to go upon and inspect the Premises at all reasonable times; provided SUBLANDLORD shall not interfere with the lawful activities and businesses conducted by SUBTENANT on the Premises. In addition, SUBLANDLORD shall have the right to post and keep posted thereon notices of non-responsibility or such other notices which SUBLANDLORD may deem to be proper for the protection of SUBTENANT's interest in the Premises. SUBTENANT shall, before the commencement of any work which might result in any such lien, give to SUBLANDLORD written notice of its intention to do so in sufficient time to enable posting of such notices.
- 15.3 Annual Sub-Leasehold Compliance Surveys. In addition to SUBLANDLORD's right to enter pursuant other rights granted in this Sublease, SUBTENANT acknowledges and accepts SUBLANDLORD's right and intent to conduct periodic, but not more frequently than annual (unless the circumstances call for additional inspections), Sub-Leasehold Compliance Surveys ("Surveys"). Said Surveys shall be scheduled at a mutually convenient time for SUBLANDLORD and SUBTENANT, following written notice by SUBLANDLORD of its intent to conduct a Survey. Said Survey will focus on, but not be limited to, the condition of all sub-leasehold improvements for proper maintenance and building code compliance, compliance with laws, interference with aircraft and Airport operations, and a verification of all subleases on the Premises. SUBTENANT agrees to cooperate with SUBLANDLORD, or its authorized representative, during the Survey process and provide access to all areas of the Premises during the time of the scheduled Survey, SUBTENANT will reschedule a mutually convenient time for a follow-up Survey to allow access to areas inaccessible during the initial Survey appointment, and SUBTENANT agrees to compensate SUBLANDLORD for the personnel cost of the follow-up Survey for each necessary member of

SUBLANDLORD's staff, for such follow- up Survey. Refusal by SUBTENANT to provide access to all areas of the Premises shall be considered a material breach of this Sublease.

- 15.4 SUBLANDLORD Not Obligated to Repair/Maintain. To the extent that any remedies specified in this Sublease conflict or are inconsistent with any provisions of California Civil Code Section 1942, or any successor statute thereto, the provisions of this Sublease shall control. SUBTENANT specifically waives any right it may have pursuant to Civil Code Section 1942 to effect maintenance or repairs to the Premises and to abate the costs thereof from rent due to SUBLANDLORD under this Sublease.

SECTION 16: ASSIGNMENT AND SUBLETTING

- 16.1 No assignment of this Sublease, nor any subletting of all or any part of the Premises shall be permitted.
- 16.2 Notwithstanding the foregoing, SUBTENANT may enter into agreements allowing for the installation of vending machines on the Premises, provided the same are not binding on SUBLANDLORD and, thus, do not survive the expiration or termination of this Sublease.

SECTION 17: HOLDING OVER

- 17.1 If after expiration of the Term, SUBTENANT remains in possession of the Premises with SUBLANDLORD's permission, SUBTENANT shall become a SUBTENANT from month to month only, upon all the provisions of this Sublease (except as to term and Base Rent), but the "Monthly Installments of Base Rent" payable by SUBTENANT shall be increased to one hundred fifty percent (150%) of the Monthly Installments of Base Rent payable by SUBTENANT at the expiration of the Term. Such monthly rent shall be payable in advance on or before the first day of each month. If either party desires to terminate such month-to-month tenancy, it shall give the other party not less than thirty (30) days advance written notice of the date of termination.

SECTION 18: SURRENDER OF PREMISES

- 18.1 SUBTENANT shall peaceably surrender the Premises to SUBLANDLORD on the Expiration Date, in broom-clean condition and in as good condition as when SUBTENANT took possession, except for (i) reasonable wear and tear, and (ii) loss by condemnation. SUBTENANT shall, on SUBLANDLORD's request, remove SUBTENANT's Property on or before the Expiration Date and promptly repair all damage to the Premises or Building caused by removal.
- 18.2 If SUBTENANT abandons or surrenders the Premises, or is dispossessed by process of law or otherwise, any of SUBTENANT's Property left on the Premises shall be deemed to be abandoned, and, at SUBLANDLORD's option, title shall pass to SUBLANDLORD under this Sublease as by a bill of sale. If SUBLANDLORD elects to remove all or any part of such SUBTENANT's Property, the cost of removal, including repairing any damage to the Premises or Building caused by such removal,

shall be paid by SUBTENANT. On the Expiration Date SUBTENANT shall surrender all keys to the Premises.

- 18.3 No act or conduct of SUBLANDLORD, including, without limitation, the acceptance of keys to the Premises, shall constitute an acceptance of the surrender of the Premises by SUBTENANT before the expiration of the Term. Only a written notice from SUBLANDLORD to SUBTENANT shall constitute acceptance of the surrender of the Premises and accomplish a termination of the Sublease.

SECTION 19: DAMAGE OR DESTRUCTION

- 19.1 Damage, or Destruction. SUBTENANT agrees to give notice to SUBLANDLORD of any fire or other damage that may occur on the Premises within two (2) days of such fire or damage. SUBTENANT agrees not to commit or suffer to be committed any waste or injury or any public or private nuisance at the Premises, to keep the Premises clean and clear of refuse and obstructions, and to dispose of all garbage, trash, and rubbish in a manner satisfactory to SUBLANDLORD. If the Premises shall be damaged by any cause which puts the Premises into a condition which is not decent, safe, healthy, and sanitary, SUBTENANT agrees to make or cause to be made full repair of said damage and to restore the Premises to the condition which existed prior to said damage; or, at SUBLANDLORD's option, SUBTENANT agrees to clear and remove from the Premises all debris resulting from said damage and rebuild the Premises in accordance with plans and specifications submitted to SUBLANDLORD and approved in writing in order to replace in kind and scope the operation which existed prior to such damage, using for either purpose the proceeds from the insurance required by this Lease. In the event of flood damage and it becomes evident that the Allowed Use(s) will not be practicable, SUBTENANT may opt to return the affected portion of the Premises to the SUBLANDLORD and have the leasehold reduced accordingly.

SUBTENANT agrees that preliminary steps toward performing repairs, restoration, or replacement of the Premises shall be commenced by SUBTENANT within thirty (30) days of any fire, flood, or damage event, and the required repairs, restoration, or replacement shall be completed within a reasonable time thereafter.

- 19.2 Waste. SUBTENANT shall not commit or allow to be committed any waste or any public or private nuisance on the Premises, shall keep the Premises clean and clear of refuse and obstructions, and shall dispose of all garbage, trash and rubbish in a manner satisfactory to SUBLANDLORD.
- 19.3 Hazardous Substances. With the exception of typical office cleaning supplies, SUBTENANT shall not allow the illegal installation, storage, utilization, generation, sale or release of Hazardous Substances or otherwise regulated substances in, on, under or from the Premises. SUBTENANT and SUBTENANT's agents and contractors shall not install, store, utilize, generate or sell any Hazardous Substance on the Premises without SUBLANDLORD's written consent in each instance or in violation of applicable law. SUBTENANT shall obtain and maintain all required licenses and permits from applicable regulatory agencies, including without limitation the San Diego

County Department of Environmental Health, local fire agencies, the San Diego County Department of Weights and Measures, the San Diego County Air Pollution Control District, and the San Diego Regional Water Quality Control Board. Installing, utilizing, storing or any other presence of a Hazardous Substance includes boxes, bags, bottles, drums, cylinders, above or below ground tanks, equipment with tanks, or any other type of container, equipment or device which holds or incorporates a Hazardous Substance or hazardous waste in violation of applicable law.

- 19.3.1 Definitions. A "release" shall include without limitation any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or otherwise disposing of Hazardous Substances. "Hazardous Substances" shall mean any hazardous liquid, solid, gaseous material, or waste substances listed by the Environmental Protection Agency or the State of California as a Hazardous Substance, and any type of petroleum-related substances and their chemical constituents.
- 19.3.2 Remediation. If SUBTENANT's occupancy, use, development, maintenance or restoration of the Premises results in a release of a Hazardous Substance, SUBTENANT shall pay all costs of remediation and removal to the SUBLANDLORD's satisfaction for unrestricted reuse of the Premises in accordance with all applicable laws, rules and regulations of competent governmental authority.
- 19.3.3 Removal. If SUBTENANT or SUBTENANT's contractor or agent has received approval and permits to store, utilize, generate or install, or otherwise bring Hazardous Substances onto the Premises, SUBTENANT shall remove, or cause to be removed, all such Hazardous Substances from the Premises immediately upon or prior to the expiration or earlier termination of this Sublease. SUBLANDLORD reserves the right to conduct inspections of the Premises and/or request documentation demonstrating the legal removal and/or disposal of the Hazardous Substances from the Premises. SUBTENANT shall pay any and all costs incurred by SUBLANDLORD to remove or cause the removal of such Hazardous Substances from the Premises.
- 19.3.4 Indemnity. SUBTENANT shall protect, defend, indemnify and hold SUBLANDLORD harmless from any and all claims, costs and expenses related to environmental liabilities resulting from SUBTENANT's occupancy, use, development, maintenance or restoration of the Premises, including without limitation: (i) costs of environmental assessments; (ii) costs of regulatory remediation oversight; (iii) costs of remediation and removal; (iv) any necessary SUBLANDLORD response costs; (v) all fines, penalties, or fees assessed by any regulatory agency; (vi) damages for injury to natural resources, SUBTENANT's officers, employees, invitees, guests, agents, or contractors, or the public; and (vii) all costs of any health assessments or health effect studies.

- 19.3.5 Notice of Release. If SUBTENANT knows or has reasonable cause to believe that a Hazardous Substance has been released on, from or within the Premises, SUBTENANT shall immediately notify SUBLANDLORD and any appropriate regulatory or reporting agency per California Code of Regulations Title 19 and any other applicable laws or regulations. SUBTENANT shall deliver a written report thereof to SUBLANDLORD within three (3) business days after receipt of the knowledge or cause for belief and submit any required written reports to regulatory or reporting agencies as required by regulation or law. If SUBTENANT knows or has reasonable cause to believe that such substance is an imminent release or is an imminent substantial danger to public health and safety, SUBTENANT shall take all actions necessary to alleviate the danger. SUBTENANT shall immediately notify SUBLANDLORD in writing of any violation, notice to comply, or notice of violation received or the initiation of environmental actions or private suits related to the Premises.
- 19.3.6 Environmental Assessment. Upon reasonable cause to believe that SUBTENANT's occupancy, use, development, maintenance or restoration of the Premises ("SUBTENANT's Operations"), resulted in any Hazardous Substance being released on, from or beneath the Premises, SUBLANDLORD may cause an environmental assessment under regulatory oversight of the suspect area to be performed by a professional environmental consultant registered with the State of California as a Professional Engineer, Certified Engineering Geologist or Registered Civil Engineer. The environmental assessment shall be obtained at SUBTENANT's sole cost and expense, and shall establish what, if any, Hazardous Substances have more likely than not been caused by SUBTENANT's Operations on, in, from or under the Premises, and in what quantities. If any such Hazardous Substances exist in quantities greater than allowed by laws, rules and regulations of competent governmental authority, or require future restricted re-use of the Premises, then the environmental assessment shall include a discussion of such substances with recommendations for remediation and removal necessary to effect unrestricted re-use and in compliance with those laws, rules and regulations, and estimates of the cost of such remediation or removal. SUBTENANT shall cause, or if SUBTENANT fails to do so within a reasonable period of time, as determined by SUBLANDLORD in its sole discretion, SUBLANDLORD may cause the remediation and/or removal recommended in the environmental assessment of Hazardous Materials caused by SUBTENANT's Operations such that unrestricted re-use of the Premises and compliance with the laws, rules and regulations of competent governmental authority is achieved, and SUBTENANT shall pay all costs and expenses therefor.

SECTION 20: WATER QUALITY – BEST MANAGEMENT PRACTICES

- 20.1 SUBLANDLORD and SUBTENANT are committed to the implementation of controls (best management practices, or BMPs) to manage activities on the Premises in a manner which aids in the protection of SUBLANDLORD's precious water resources. It is SUBTENANT's responsibility to identify and implement an effective combination of BMPs so as not to cause pollutant discharges to the storm drain system in violation of San Diego Storm Water Management and Discharge Control Ordinance (San Diego Municipal Code sections 43.0301 to 43.0312).
- 20.2 SUBTENANT shall, at a minimum, implement and comply, as applicable, with the Minimum Industrial and Commercial BMPs adopted under San Diego Municipal Code section 43.0307(a).
- 20.3 It is SUBTENANT's responsibility to prevent pollutant discharges to the storm drain system. SUBTENANT shall identify and implement any additional BMPs that may be required to avoid the discharge of pollutants to the storm drain system.

SECTION 21: SECURITY

- 21.1 Provision of Security and Compliance with Industry Standards. SUBTENANT shall at all times provide, at SUBTENANT's sole cost and expense, security measures, which shall be in compliance with industry standards for schools and other institutes of learning, and as required, using reasonable care, to protect persons and property on the Premises, including without limitation maintaining a plan for adequate patrol of all areas of the Premises with the goal of preserving order and preventing theft, vandalism and other improper or unlawful use of the Premises or any of the facilities thereon.

SECTION 22: EMINENT DOMAIN

- 22.1 Eminent Domain. If all or part of the Premises are taken through condemnation proceedings or under threat of condemnation by any public authority with the power of eminent domain, the interests of SUBLANDLORD and SUBTENANT (or SUBTENANT's Beneficiary or Mortgagee (if pre-approved by SUBLANDLORD), pursuant to SUBTENANT and its Beneficiary or Mortgagee's agreement(s) thereto) will be as follows:
- 22.1.1 Full Taking. If the entire Premises are taken, this Sublease shall terminate on the date of the transfer of title or possession to the condemning authority, whichever first occurs, and any advance rents paid to SUBLANDLORD shall be prorated and paid to SUBTENANT based upon the actual number of calendar days the Premises was held by SUBTENANT.
- 22.1.2 Partial Taking - Remainder Unusable. If a partial taking of the Premises occurs, and in the reasonable opinion of SUBLANDLORD, the remaining part of the Premises are unsuitable for the Sublease operation, this Sublease shall terminate on the date of the transfer of title or possession to the condemning authority, whichever first occurs.

- 22.1.3 Partial Taking - Remainder Usable. If a partial taking of the Premises occurs, and in the reasonable opinion of SUBLANDLORD, the remaining part of the Premises are suitable for continued Sublease operation, this Sublease shall terminate in regard to the portion taken on the date of the transfer of title or possession to the condemning authority, whichever first occurs, but shall continue for the portion not taken. The then Base Monthly Rent shall be equitably reduced to reflect the portion of the Premises taken, only to the extent that SUBTENANT's operations are reduced or impaired. At its cost, SUBTENANT shall restore so much of the remaining portion of the Premises as is required to create a reasonably sound architectural (or economically feasible) unit substantially suitable for the purposes for which they were used immediately before the taking, using good workmanship and new first class materials.
- 22.1.4 Award. All monies awarded in any taking of the fee interests of the Premises, and SUBLANDLORD's reversionary interests in the installments and improvements thereon, shall belong to SUBLANDLORD, whether the taking results in diminution in value of the sub-leasehold or the fee or both. SUBTENANT (or its Beneficiary or Mortgagee) shall be entitled to seek from the condemning agency any damages that SUBTENANT believes are attributable to SUBTENANT's then remaining sub-leasehold interest in the Premises, SUBTENANT's then remaining interests in the installations and improvements of SUBTENANT thereon, and/or for any loss of or damage to SUBTENANT's trade fixtures and removable personal property. SUBTENANT specifically agrees that SUBLANDLORD shall have no liability to SUBTENANT for any award not provided by the condemning authority to SUBTENANT.
- 22.1.5 Transfer. SUBLANDLORD has the right to transfer SUBLANDLORD's interests in the Premises in lieu of condemnation to any authority entitled to exercise the power of eminent domain. If a transfer occurs, SUBTENANT shall retain whatever interest it may have in any monies awarded, as set forth above in Subsection 22.1.4.
- 22.1.6 No Inverse Condemnation. The exercise of any SUBLANDLORD right under this Sublease shall not be interpreted as an exercise of the power of eminent domain and shall not impose any liability upon SUBLANDLORD for inverse condemnation.

SECTION 23: INDEMNIFICATION

- 23.1 SUBTENANT's Indemnification of SUBLANDLORD Parties. To the fullest extent permitted by law, SUBTENANT shall, at SUBTENANT's sole expense, indemnify, protect, defend, and hold harmless SUBLANDLORD and its elected officials, officers, employees, representatives or agents (cumulatively, "SUBLANDLORD Parties") from and against all Claims, as defined below, from any cause, arising out of or relating

(directly or indirectly) to SUBTENANT's acts or omissions pursuant to this Sublease, the tenancy created under this Sublease, and the Premises, including, without limitation:

- 23.1.1 The use or occupancy, or manner of use or occupancy, of the Premises by SUBTENANT and SUBTENANT's officers, members, partners, agents, employees, independent contractors, and subtenants, as well as to all persons and entities claiming though any of these persons or entities (cumulatively, "SUBTENANT Parties");
 - 23.1.2 Any act, error, omission, or negligence of SUBTENANT Parties or of any invitee, guest, or licensee of SUBTENANT Parties, including, without limitation, detainees, in, on, or about the Premises;
 - 23.1.3 SUBTENANT Parties' conducting of its business;
 - 23.1.4 Any development, alterations, activities, work, or things done, omitted, permitted, allowed, or suffered by SUBTENANT Parties in, at, or about the Premises, including construction of alterations, and also including the violation of or failure to comply with any applicable laws, statutes, ordinances, standards, rules, regulations, orders, decrees, or judgments in existence on the Sublease Effective Date or enacted, promulgated, or issued after the Sublease Effective Date; and
 - 23.1.5 Any breach or default in performance of any obligation on SUBTENANT Parties' part to be performed under this Sublease, whether before or during the Term or after the Sublease's expiration or earlier termination.
- 23.2 Definition of Claims. For purposes of this Sublease, "Claims" means any and all claims, losses, costs, damage, expenses, liabilities, liens, actions, causes of action (whether in tort or contract, law or equity, or otherwise), charges, assessments, fines, and penalties of any kind (including consultant and expert costs and expenses, court costs, and reasonable attorneys' fees actually incurred).
- 23.3 Type of Injury or Loss. This indemnification extends to and includes Claims for:
- (a) Injury to any persons (including death at any time resulting from that injury);
 - (b) Loss of, injury or damage to, or destruction of property (including all loss of use resulting from that loss, injury, damage, or destruction); and
 - (c) All incidental economic or other losses and damage of any kind.
- 23.4 Active or Passive Negligence; Strict Liability. Except as provided in this subsection 23.4, the indemnification in subsection 23.1 shall apply, without limitation, to Claims caused by the concurrent negligent act or omission, whether active or passive, of SUBLANDLORD Parties, and regardless of whether liability without fault or strict liability is imposed or sought to be imposed on SUBLANDLORD Parties. The indemnification in subsection shall not apply to the extent that a final non-appealable

judgment of a court of competent jurisdiction establishes that a Claim against one or more SUBLANDLORD Parties was caused by the sole negligence or willful misconduct of one or more of the SUBLANDLORD Parties. In that event, however, this indemnification shall remain valid for all other SUBLANDLORD Parties.

- 23.5 Indemnification Independent of Insurance Obligations. The indemnification provided in Section 23 shall not be construed or interpreted as in any way restricting, limiting, or modifying SUBTENANT's insurance or other obligations under this Sublease and is independent of SUBTENANT's insurance and other obligations. SUBTENANT's compliance with the insurance requirements and other obligations under this Sublease shall not in any way restrict, limit, or modify SUBTENANT's indemnification obligations under this Sublease.
- 23.6 Survival of Indemnification. The clauses of Section 23 shall survive the expiration or earlier termination of this Sublease until all Claims against SUBLANDLORD Parties involving any of the indemnified matters are fully, finally, and absolutely resolved and/or barred by the applicable statutes of limitations.
- 23.7 SUBTENANT's Duty to Defend. SUBTENANT's duty to defend SUBLANDLORD Parties is separate and independent of SUBTENANT's duty to indemnify SUBLANDLORD Parties. The duty to defend includes Claims for which SUBLANDLORD Parties may be liable without fault or strictly liable. The duty to defend applies regardless of whether the issues of negligence, liability, fault, default, or other obligation on the part of SUBTENANT Parties have been determined. The duty to defend applies immediately, regardless of whether SUBLANDLORD Parties have paid any sums or incurred any detriment arising out of or relating (directly or indirectly) to any Claims. It is the express intention of the Parties that SUBLANDLORD Parties be entitled to obtain summary adjudication or summary judgment regarding SUBTENANT's duty to defend SUBLANDLORD Parties at any stage of any claim or suit within the scope of Section 23.
- 23.8 SUBLANDLORD's Election. SUBLANDLORD may, at its election, conduct the defense or participate in the defense of any claim related in any way to this indemnification. If SUBLANDLORD chooses at its own election to conduct its own defense, participate in its own defense, or obtain independent legal counsel in defense of any claim related to this indemnification, SUBTENANT shall pay all of the costs related thereto, including without limitation reasonable attorney fees and costs.

SECTION 24: INSURANCE

- 24.1 Insurance. SUBTENANT shall not begin operating under this Sublease until it has:
- 24.1.1 obtained, and provided to SUBLANDLORD, insurance certificates reflecting evidence of all insurance as set forth herein; however, SUBLANDLORD reserves the right to request, and SUBTENANT shall submit, copies of any policy upon reasonable request by SUBLANDLORD;

- 24.1.2 obtained SUBLANDLORD approval of each company or companies as required in Section 24.4 of this Sublease; and
- 24.1.3 confirmed that all policies contain the specific provisions required in Section 24 of this Sublease. SUBTENANT's liabilities, including but not limited to SUBTENANT's indemnity obligations, under this Sublease, shall not be deemed limited in any way to the insurance coverage required herein. Except as provided for under California law, all policies of insurance required hereunder must provide that SUBTENANT is entitled to thirty (30) days prior written notice (10 days for cancellation due to non-payment of premium) of cancellation or non-renewal of the policy or policies. Upon receipt of such notice, SUBTENANT shall immediately notify SUBLANDLORD thereof. Maintenance of specified insurance coverage is a material element of this Sublease and SUBTENANT's failure to maintain or renew coverage or to provide evidence of renewal during the term of this Sublease may be treated as a material breach of contract by SUBLANDLORD.

Further, SUBTENANT shall not modify any policy or endorsement thereto which increases SUBLANDLORD's exposure to loss for the duration of this Sublease.

- 24.2 Types of Insurance. At all times during the term of this Sublease, SUBTENANT shall maintain insurance coverage as follows:

- 24.2.1 Commercial General Liability. Commercial General Liability (CGL) Insurance written on an ISO Occurrence form CG 00 01 07 98 or an equivalent form providing coverage at least as broad which shall cover liability arising from any and all personal injury or property damage in the amount of \$2 million per occurrence and subject to an annual aggregate of \$4 million. There shall be no endorsement or modification of the CGL limiting the scope of coverage for either insured vs. insured claims or contractual liability. All defense costs shall be outside the limits of the policy; provided, however, that if the aggregate coverage is \$30 million or more, defense costs may be included within the limits of the policy.
- 24.2.2 Commercial Automobile Liability. For all of SUBTENANT's automobiles including owned, hired and non-owned automobiles, SUBTENANT shall keep in full force and effect, automobile insurance written on an ISO form CA 00 01 12 90 or a later version of this form or an equivalent form providing coverage at least as broad for bodily injury and property damage for a combined single limit of \$1 million per occurrence. Insurance certificates shall reflect coverage for any automobile.
- 24.2.3 Workers' Compensation. For all of SUBTENANT's employees who are subject to this Sublease and to the extent required by the applicable state or federal law, SUBTENANT shall keep in full force and effect, a Workers' Compensation policy. The policy shall provide a minimum of \$1 million

of employers' liability coverage, and SUBTENANT shall provide an endorsement that the insurer waives the right of subrogation against SUBLANDLORD and its respective elected officials, officers, employees, agents and representatives.

24.2.4 Professional Liability. For all of SUBTENANT's employees who are subject to this Sublease, SUBTENANT shall keep in full force and effect, Professional Liability coverage for professional liability with a limit of \$1 million per claim and \$2 million annual aggregate. SUBTENANT shall ensure both that:

24.2.4.1 the policy retroactive date is on or before the date of commencement of this Sublease; and

24.2.4.2 the policy will be maintained in force for a period of five (5) years or termination of this Sublease whichever occurs last. SUBTENANT agrees that for the time period defined above, there will be no changes or endorsements to the policy that increase SUBLANDLORD's exposure to loss.

24.2.5 Causes of Loss - Special Form Property Insurance. SUBTENANT shall obtain and maintain, at its sole cost, Causes of Loss - Special Form Property Insurance on all of SUBTENANT's insurable property related to the Allowed Uses of the Premises under this Sublease or the Premises in an amount to cover one hundred percent (100%) of the replacement cost. SUBTENANT shall deliver a certificate of said insurance to SUBLANDLORD's Real Estate Assets Department.

24.3 Deductibles. All deductibles on any policy shall be the responsibility of SUBTENANT and shall be disclosed to SUBLANDLORD at the time the evidence of insurance is provided.

24.4 Acceptability of Insurers.

24.4.1 Except for the State Compensation Insurance Fund, all insurance required by this Sublease shall only be carried by insurance companies with a rating of at least "A-,VI" by A.M. Best Company, that are authorized by the California Insurance Commissioner to do business in the State of California, and that have been approved by SUBLANDLORD. Notwithstanding the foregoing, for such time as SUBTENANT's insurer hereunder is by a joint powers authority, and the coverage of such insurance is \$10 million or more, because joint powers authorities are not rated by A.M. Best Company, such rating compliance shall not be required.

24.4.2 SUBLANDLORD will accept insurance provided by non-admitted, "surplus lines" carriers only if the carrier is authorized to do business in the State of California and is included on the List of Eligible Surplus Lines Insurers (LESLI list). All policies of insurance carried by non-admitted

carriers are subject to all of the requirements for policies of insurance provided by admitted carriers described herein.

24.5 Required Endorsements. The following endorsements to the policies of insurance are required to be provided to SUBLANDLORD before any operations are initiated under this Sublease.

24.5.1 Commercial General Liability Insurance Endorsement.

24.5.1.1 Additional Insured. To the fullest extent allowed by law including but not limited to California Insurance Code Section 11580.04, the policy or policies must be endorsed to include as an Additional Insured the City of San Diego and its respective elected officials, officers, employees, agents and representatives with respect to liability arising out of (a) ongoing operations performed by SUBTENANT or on SUBTENANT's behalf, (b) SUBTENANT's products, (c) SUBTENANT's work, including but not limited to SUBTENANT's completed operations performed by SUBTENANT or on SUBTENANT's behalf, or (d) premises owned, subleased, controlled or used by SUBTENANT.

24.5.1.2 Primary and Non-Contributory Coverage. The policy or policies must be endorsed to provide that the insurance is primary to any insurance or self-insurance of the City of San Diego and its elected officials, officers, employees, agents and representatives with respect to the operations of the Named Insured. Any insurance maintained by the City of San Diego and its elected officials, officers, employees, agents and representatives shall be in excess of SUBTENANT's insurance and shall not contribute to it.

24.5.2 Automobile Liability Insurance Endorsements.

24.5.2.1 Additional Insured. To the fullest extent allowed by law including but not limited to California Insurance Code Section 11580.04, the policy or policies must be endorsed to include as an Additional Insured the City of San Diego and its respective elected officials, officers, employees, agents and representatives with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of SUBTENANT.

24.5.3 Worker's Compensation and Employer's Liability Insurance Endorsements.

24.5.3.1 Waiver of Subrogation. The Worker's Compensation policy or policies must be endorsed to provide that the insurer will waive

all rights of subrogation against SUBLANDLORD and its respective elected officials, officers, employees, agents and representatives for losses paid under the terms of the required policy or policies.

- 24.6 Reservation of Rights. SUBLANDLORD reserves the right, from time to time, to review SUBTENANT's insurance coverage, limits, deductibles and self-insured retentions to determine if they are acceptable to SUBLANDLORD.
- 24.7 Additional Insurance. SUBTENANT may obtain additional insurance not required by this Sublease.
- 24.8 Accident Reports. SUBTENANT shall immediately report to SUBLANDLORD any accident causing property damage or injury to persons on the Premises or otherwise related to the Allowed Uses. Such report shall contain the names and addresses of the involved parties, a statement of the circumstances, the date and hour of the accident, the names and addresses of any witnesses, and other pertinent information.

SECTION 25: SUBORDINATION AND ATTORNMENT

- 25.1 Upon written request of SUBLANDLORD, or any first mortgagee or first deed of trust beneficiary of SUBLANDLORD, or ground lessor of SUBLANDLORD, SUBTENANT shall, in writing, subordinate its rights under this Sublease to the lien of any first mortgage or first deed of trust, or to the interest of any sublease in which SUBLANDLORD is lessee, and to all advances made or hereafter to be made thereunder. However, before signing any subordination agreement, SUBTENANT shall have the right to obtain from any lender or lessor or SUBLANDLORD requesting such subordination, an agreement in writing in commercially reasonable form, as reasonably determined by SUBLANDLORD, providing that, as long as SUBTENANT is not in default hereunder, this Sublease shall remain in effect for the full Term. The holder of any security interest may, upon written notice to SUBTENANT, elect to have this Sublease prior to its security interest regardless of the time of the granting or recording of such security interest.
- 25.2 In the event of any foreclosure sale, transfer in lieu of foreclosure or termination of the sublease in which SUBLANDLORD is lessee, SUBTENANT shall attorn to the purchaser, transferee or lessor as the case may be, and recognize that party as SUBLANDLORD under this Sublease, provided such party acquires and accepts the Premises subject to this Sublease.

SECTION 26: SUBTENANT ESTOPPEL CERTIFICATES

- 26.1 Within ten (10) business days after written request from SUBLANDLORD, SUBTENANT shall execute and deliver to SUBLANDLORD or SUBLANDLORD's designee, a written statement certifying (a) that this Sublease is unmodified and in full force and effect, or is in full force and effect as modified and stating the modifications; (b) the amount of Base Rent and the date to which Base Rent and additional rent have been paid in advance; (c) the amount of any security deposited with

SUBLANDLORD; and (d) that SUBLANDLORD is not in default hereunder or, if SUBLANDLORD is claimed to be in default, stating the nature of any claimed default. Any such statement may be relied upon by a purchaser, assignee or lender. SUBTENANT's failure to execute and deliver such statement within the time required shall, at SUBLANDLORD's election be a default under this Sublease and shall also be conclusive upon SUBTENANT that: (1) this Sublease is in full force and effect and has not been modified except as represented by SUBLANDLORD; (2) there are no uncured defaults in SUBLANDLORD's performance and that SUBTENANT has no right of offset, counter-claim or deduction against Rent; and (3) not more than one month's Rent has been paid in advance.

SECTION 27: TRANSFER OF SUBLANDLORD'S INTEREST

- 27.1 In the event of any sale or transfer by SUBLANDLORD of the Premises, Building or Project, and assignment of this Sublease by SUBLANDLORD, SUBLANDLORD shall be and is hereby entirely freed and relieved of any and all liability and obligations contained in or derived from this Sublease arising out of any act, occurrence or omission relating to the Premises, Building, Project or Sublease occurring after the consummation of such sale or transfer, providing the purchaser shall expressly assume all of the covenants and obligations of SUBLANDLORD under this Sublease. If any security deposit or prepaid Rent has been paid by SUBTENANT, SUBLANDLORD may transfer the security deposit or prepaid Rent to SUBLANDLORD's successor and upon such transfer, SUBLANDLORD shall be relieved of any and all further liability with respect thereto.

SECTION 28: DEFAULT AND REMEDIES

- 28.1 Default. SUBTENANT shall be in default of this Sublease if any of the following occurs:
- 28.1.1 SUBTENANT fails or refuses to make any payment required under this Sublease within three (3) business days after the due date;
 - 28.1.2 SUBTENANT breaches any of its obligations under this Sublease, other than those requiring payment to SUBLANDLORD, and fails to cure the breach within thirty (30) days following written notice from SUBLANDLORD, or if not curable within thirty (30) days, fails to commence to cure the breach within thirty (30) days and diligently pursue the cure to completion;
 - 28.1.3 SUBTENANT voluntarily files or involuntarily has filed against it any petition under any bankruptcy or insolvency act or law;
 - 28.1.4 SUBTENANT is adjudicated a bankrupt; or
 - 28.1.5 SUBTENANT makes a general assignment for the benefit of creditors.

28.2 Notices. Following the occurrence of any of the defaults specified above, and subject to the rights of the Beneficiary of a Mortgage consented to by SUBLANDLORD, SUBLANDLORD shall give SUBTENANT a written notice specifying the nature of the default and the provisions of this Sublease breached and demanding that SUBTENANT either fully cure each such default within the time period specified in the subparagraphs below or quit the Premises and surrender the same to SUBLANDLORD:

28.2.1 For nonpayment of any payment required, three (3) business days after the due date;

28.2.2 For any non-monetary default, a reasonable period not to exceed thirty (30) business days, provided, however, that if such default cannot reasonably be cured within said time period, SUBTENANT shall be deemed to have cured such default if SUBTENANT so notifies SUBLANDLORD in writing, commences cure of the default within said time period, and thereafter diligently and in good faith continues with and actually completes said cure.

To the extent permitted by applicable State law, the time periods provided in this subsection for cure of SUBTENANT's defaults under this Sublease or for surrender of the Premises shall be in lieu of, and not in addition to, any similar time periods described by California law as a condition precedent to the commencement of legal action against SUBTENANT for possession of the Premises.

28.3 SUBLANDLORD's Rights and Remedies. Should SUBTENANT fail to cure any such defaults within the time periods specified in the immediately preceding subsection, or fail to quit the Premises as required thereby, subject to the rights of the Beneficiary of a Mortgage consented to by SUBLANDLORD, and except as may otherwise be required by applicable California law, SUBLANDLORD may exercise any of the following rights without further notice or demand of any kind to SUBTENANT or any other person:

28.3.1 The right of SUBLANDLORD to terminate this Sublease and SUBTENANT's right to possession of the Premises and to reenter the Premises, take possession thereof and remove all persons therefrom, following which SUBTENANT shall have no further claim on the Premises or under this Sublease;

28.3.2 The right of SUBLANDLORD without terminating this Sublease and SUBTENANT's right to possession of the Premises, to reenter the Premises and occupy the whole or any part thereof for and on account of SUBTENANT and to collect any unpaid rents and other charges, which have become payable, or which may thereafter become payable pursuant to Civil Code Section 1951.4, or successor statute thereto; or

28.3.3 The right of SUBLANDLORD, even though it may have reentered the Premises in accordance with the immediately preceding subsection, to elect

thereafter to terminate this Sublease and SUBTENANT's right to possession of the Premises.

28.3.4 Should SUBLANDLORD have acted under the provisions of subsection 28.3.2, SUBLANDLORD shall not be deemed to have (i) terminated this Sublease, (ii) assumed the liability of SUBTENANT to pay rent or other charges thereafter accruing, or (iii) assumed SUBTENANT's liability for damages under any of the provisions hereof, by any such reentry or by any action, in unlawful detainer or otherwise, to obtain possession of the Premises, unless SUBLANDLORD shall have notified SUBTENANT in writing that it has so elected to terminate this Sublease and LESSEE's right to possession. SUBTENANT further covenants that the service by SUBLANDLORD of any notice pursuant to the unlawful detainer statutes of the State of California and the surrender of possession pursuant to such notice shall not (unless SUBLANDLORD elects to the contrary at the time of, or at any time subsequent to, the serving of such notice and such election is evidenced by a written notice to SUBTENANT) be deemed to be a termination of this Sublease. In the event of any reentry or taking possession of the Premises as aforesaid, SUBLANDLORD shall have the right, but not the obligation, at SUBTENANT's expense, to remove therefrom (i) all or any part of any buildings or structures placed on the Premises by SUBTENANT or its agents, and (ii) any or all merchandise, Fixtures or Personal Property located therein and to place the same in storage at a public warehouse at the expense and risk of SUBTENANT. The rights and remedies given to SUBLANDLORD in this Section shall be additional and supplemental to all other rights or remedies which SUBLANDLORD may have under laws in force when the default occurs.

28.4 SUBLANDLORD's Damages. Should SUBLANDLORD terminate this Sublease and SUBTENANT's right to possession of the Premises pursuant to the provisions of this Section 28, SUBLANDLORD may recover from SUBTENANT as damages any or all of the following:

- 28.4.1 The worth at the time of award (as defined below) of any unpaid rent that had accrued at the time of such termination;
- 28.4.2 The worth at the time of award of the amount by which the unpaid rent that would have been earned after termination until the time of award exceeds the amount of such rent loss that SUBTENANT proves could have been reasonably avoided;
- 28.4.3 The worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rent loss that SUBTENANT proves could be reasonably avoided;
- 28.4.4 Any other amount necessary to compensate SUBLANDLORD for all the detriment proximately caused by SUBTENANT's failure to perform its

obligations under this Sublease including, without limitation, any costs or expense incurred by SUBLANDLORD in (i) retaking possession of the Premises, including reasonable attorneys' fees therefor, (ii) maintaining or preserving the Premises after such default, (iii) preparing the Premises for re-letting to a new SUBTENANT, including repairs or alterations to the Premises for such re-letting, (iv) leasing commissions, and (v) any other direct costs necessary or appropriate to re-let the Premises; and

28.4.5 At SUBLANDLORD's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of the State of California.

As used in subparagraphs 28.7.2 and 28.7.3 of this Section, the "worth at the time of award" is computed by allowing interest at the maximum rate allowed by California law. As used in subparagraph 28.7.1 of this Section, "the worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%).

All rent shall, for the purposes of calculating any amount due under the provisions of subsection 28.7.4, be computed on the basis of the average monthly amount thereof accruing during the immediately preceding sixty (60) month period, except that, if it becomes necessary to compute such rent before such a sixty (60) month period has occurred, then such rent shall be computed on the basis of the average monthly amount hereof accruing during such shorter period.

28.5 Waiver. Any waiver by SUBLANDLORD of a breach or default by SUBTENANT shall not be a waiver of any other breach or default. No waiver shall be valid and binding unless in writing and executed by SUBLANDLORD. SUBLANDLORD's delay or failure to enforce a right or remedy shall not be a waiver of that or any other right or remedy under this Sublease. The enforcement of a particular right or remedy for a breach or default shall not waive any other right or remedy for the same breach or default, or for any other or later breach or default. SUBLANDLORD's acceptance of any rents shall not be a waiver of any default preceding such payment. LESSEE acknowledges that the Premises are a part of publicly-owned property held in trust for the benefit of the citizens of the City of San Diego, and that any failure by SUBLANDLORD to discover a breach or default, or take prompt action to require the cure of any breach or default, shall not result in an equitable estoppel, but SUBLANDLORD shall at all times, have the legal right to require the cure of any breach or default. SUBLANDLORD's acceptance of a partial payment of rent shall not constitute a waiver of the balance of the rent payment due.

28.6 SUBLANDLORD Default. SUBLANDLORD shall be in default if SUBLANDLORD fails to perform a responsibility required under this Sublease and fails to cure such breach within thirty (30) days after SUBLANDLORD's receipt of a detailed notice thereof from SUBTENANT; provided, however, that if such breach cannot reasonably be cured within said time period, SUBLANDLORD shall be deemed to have cured such breach if SUBLANDLORD so notifies SUBTENANT in writing, commences cure of

the breach within said time period and thereafter diligently and in good faith continues with and actually completes said cure. If SUBLANDLORD fails to perform according to the terms and conditions of this Sublease, SUBTENANT shall be entitled to remedies provided by law.

SECTION 29: NOTICES

- 29.1 All notices, approvals and demands permitted or required to be given under this Sublease shall be in writing and deemed duly served or given if personally delivered or sent by certified or registered U.S. mail, postage prepaid, and addressed as follows:
- 29.1.1 if to SUBLANDLORD, to SUBLANDLORD's Mailing Address and to the Building manager, and
 - 29.1.2 if to SUBTENANT, to SUBTENANT's Mailing Address; provided, however, notices to SUBTENANT shall be deemed duly served or given if delivered or mailed to SUBTENANT at the Premises.
 - 29.1.3 SUBLANDLORD and SUBTENANT may from time to time by notice to the other designate another place for receipt of future notices.

SECTION 30: GOVERNMENT ENERGY OR UTILITY CONTROLS

- 30.1 In the event of imposition of federal, state or local government controls, rules, regulations, or restrictions on the use or consumption of energy or other utilities during the Term, both SUBLANDLORD and SUBTENANT shall be bound thereby. In the event of a difference in interpretation by SUBLANDLORD and SUBTENANT of any such controls, the interpretation of SUBLANDLORD shall prevail, and SUBLANDLORD shall have the right to enforce compliance therewith, including the right of entry into the Premises to effect compliance.

SECTION 31: PREVAILING WAGE AND LIVING WAGE

- 31.1 By signing this Sublease, SUBTENANT certifies that SUBTENANT is aware of the wage provisions described herein and shall comply with such provisions before commencing services.
- 31.2 Prevailing Wages. Pursuant to San Diego Municipal Code ("SDMC") section 22.3019, construction, alteration, demolition, repair and maintenance work performed under this Sublease is subject to State prevailing wage laws. For construction work performed under this Sublease cumulatively exceeding \$25,000 and for alteration, demolition, repair and maintenance work performed under this Sublease cumulatively exceeding \$15,000, the SUBTENANT and its contractors and subcontractors shall comply with State prevailing wage laws including, but not limited to, the requirements listed below. This requirement is in addition to the requirement to pay Living Wage pursuant to SDMC sections 22.4201 through 22.4245. SUBTENANT must determine which per diem rate is highest for each classification of work (i.e. Prevailing Wage Rate or Living

Wage Rate), and pay the highest of the two rates to their employees. Living Wage applies to workers who are not subject to Prevailing Wage Rates.

31.2.1 Compliance with Prevailing Wage Requirements. Pursuant to sections 1720 through 1861 of the California Labor Code, the bidder and its subcontractors shall ensure that all workers who perform work under this Sublease are paid not less than the prevailing rate of per diem wages as determined by the Director of the California Department of Industrial Relations ("DIR"). This includes work performed during the design and preconstruction phases of construction including, but not limited to, inspection and land surveying work.

- i. Copies of such prevailing rate of per diem wages are on file at the City of San Diego and are available for inspection to any interested party on request. Copies of the prevailing rate of per diem wages also may be found at <http://www.dir.ca.gov/OPRL/DPreWageDetermination.htm>. SUBTENANT and its contractors and subcontractors shall post a copy of the prevailing rate of per diem wages determination at each job site and shall make them available to any interested party upon request.
- ii. The wage rates determined by the DIR refer to expiration dates. If the published wage rate does not refer to a predetermined wage rate to be paid after the expiration date, then the published rate of wage shall be in effect for the life of this Sublease. If the published wage rate refers to a predetermined wage rate to become effective upon expiration of the published wage rate and the predetermined wage rate is on file with the DIR, such predetermined wage rate shall become effective on the date following the expiration date and shall apply to this Sublease in the same manner as if it had been published in said publication. If the predetermined wage rate refers to one or more additional expiration dates with additional predetermined wage rates, which expiration dates occur during the life of this Sublease, each successive predetermined wage rate shall apply to this Sublease on the date following the expiration date of the previous wage rate. If the last of such predetermined wage rates expires during the life of this Sublease, such wage rate shall apply to the balance of the Sublease.

31.2.2 Penalties for Violations. SUBTENANT and its contractors and subcontractors shall comply with California Labor Code section 1775 in the event a worker is paid less than the prevailing wage rate for the work or craft in which the worker is employed. This shall be in addition to any other applicable penalties allowed under Labor Code sections 1720 – 1861.

31.2.3 Notwithstanding the provisions of this Section 31, as set forth above in Section 12.4, if SUBTENANT contests having to pay Prevailing Wages,

SUBLANDLORD shall allow SUBTENANT, upon prior written notification to SUBTENANT, to construct such Tenant Improvements without paying Prevailing Wages ONLY IF, AND PRIOR TO COMMENCING ANY SUCH CONSTRUCTION ACTIVITIES: (1) SUBTENANT obtains a written opinion from the State of California Department of Industrial Relations determining that SUBTENANT is not required to pay Prevailing Wages for the construction of the Tenant Improvements and delivers the same to SUBLANDLORD; and (2) SUBTENANT provides SUBLANDLORD with a written indemnification agreement wherein SUBTENANT specifically agrees to protect, defend, indemnify and hold harmless SUBLANDLORD against any and all claims, damages, losses, liabilities of any type, including attorney fees, resulting from any type of claim or action brought by any party contesting SUBTENANT's failure to comply with the Prevailing Wage Guidelines.

- 31.3 Payroll Records. SUBTENANT and its contractors and subcontractors shall comply with California Labor Code section 1776, which generally requires keeping accurate payroll records, verifying and certifying payroll records, and making them available for inspection. SUBTENANT shall require its contractors and subcontractors to also comply with section 1776. SUBTENANT and its contractors and subcontractors shall submit weekly certified payroll records online via the SUBLANDLORD's web-based Labor Compliance Program. SUBTENANT is responsible for ensuring its contractors and subcontractors submit certified payroll records to the SUBLANDLORD. Contractors and their subcontractors shall also furnish the records specified in Labor Code section 1776 directly to the Labor Commissioner in the manner required in Labor Code section 1771.4.
- 31.4 Apprentices. SUBTENANT and its contractors and subcontractors shall comply with California Labor Code sections 1777.5, 1777.6 and 1777.7 concerning the employment and wages of apprentices. SUBTENANT shall be held responsible for their compliance as well as the compliance of their contractors and subcontractors with sections 1777.5, 1777.6 and 1777.7.
- 31.5 Working Hours. SUBTENANT and its contractors and subcontractors shall comply with California Labor Code sections 1810 through 1815, including but not limited to: (i) restrict working hours on public works contracts to eight hours a day and forty hours a week, unless all hours worked in excess of 8 hours per day are compensated at not less than 1½ times the basic rate of pay; and (ii) specify penalties to be imposed on design professionals and subcontractors of \$25 per worker per day for each day the worker works more than 8 hours per day and 40 hours per week in violation of California Labor Code sections 1810 through 1815.
- 31.6 Required Provisions for Subcontracts. SUBTENANT shall include at a minimum a copy of the following provisions in any contract they enter into with a contractor or subcontractor: California Labor Code sections 1771, 1771.1, 1775, 1776, 1777.5, 1810, 1813, 1815, 1860 and 1861.

- 31.7 Labor Code Section 1861 Certification. SUBTENANT, in accordance with California Labor Code section 3700, is required to secure the payment of compensation of its employees and by signing this Sublease. SUBTENANT certifies that "I am aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this Contract."
- 31.8 Labor Compliance Program. SUBLANDLORD has its own Labor Compliance Program authorized in August 2011 by the DIR. For questions or assistance, please contact the SUBLANDLORD's Equal Opportunity Contracting Department at 619-236-6000.
- 31.8.1 Contractor and Subcontractor Registration Requirements. The SUBTENANT's proposed tenant improvements are subject to compliance monitoring and enforcement by the DIR. A contractor or subcontractor shall not be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any contract for public work, as defined in this chapter of the Labor Code unless currently registered and qualified to perform the work pursuant to Section 1725.5. In accordance with Labor Code section 1771.1(a), "[i]t is not a violation of this section for an unregistered contractor to submit a bid that is authorized by Section 7029.1 of the Business and Professions Code or by Section 10164 or 2103.5 of the Public Contract Code, provided the contractor is registered to perform public work pursuant to Section at the time the contract is awarded."
- 31.8.2 A contractor's inadvertent error in listing a subcontractor who is not registered pursuant to Labor Code section 1725.5 in a response to a solicitation shall not be grounds for filing a bid protest or grounds for considering the bid non-responsive provided that any of the following apply: (1) the subcontractor is registered prior to bid opening; (2) within twenty-four hours after the bid opening, the subcontractor is registered and has paid the penalty registration fee specified in Labor Code section 1725.5; or (3) the subcontractor is replaced by another registered contractor pursuant to Public Contract Code section 4107.
- 31.8.3 A contract entered into with any contractor or subcontractor in violation of Labor Code section 1771.1(a) shall be subject to cancellation, provided that a contract for public work shall not be unlawful, void, or voidable solely due to the failure of the awarding body, contractor, or any subcontractor to comply with the requirements of section 1725.5 of this section.
- 31.8.4 By submitting a bid or proposal to the SUBLANDLORD, SUBTENANT is certifying that he or she has verified that all contractors and subcontractors used on this public works project are registered with the DIR in compliance with Labor Code sections 1771.1 and 1725.5, and SUBTENANT shall

provide proof of subcontractor registration to the SUBLANDLORD upon request.

31.9 Living Wages. This Sublease is subject to the SUBLANDLORD's Living Wage Ordinance ("LWO"), codified at SDMC sections 22.4201 through 22.4245. The LWO requires payment of minimum hourly wage rates and other benefits unless an exemption applies. SDMC section 22.4225 requires each bidder to fill out and file a living wage certification with the City Manager within thirty (30) days of Award of the contract. LWO wage and health benefit rates are adjusted annually in accordance with SDMC section 22.4220(b) to reflect the Consumer Price Index. Service contracts, financial assistance agreements, and Lessee facilities agreements must include this upward adjustment of wage rates to covered employees on July 1 of each year. In addition, SUBTENANT agrees to require all of its contractors and subcontractors subject to the LWO to comply with the LWO and all applicable regulations and rules.

31.9.1 Exemption from Living Wage Ordinance. Pursuant to SDMC section 22.4215, this Sublease may be exempt from the LWO. For a determination on this exemption, SUBTENANT must complete the Living Wage Ordinance Application for Exemption.

31.10 Highest Wage Rate Applies. SUBTENANT is required to pay the highest applicable wage rate where more than one wage rate applies.

SECTION 32: GENERAL PROVISIONS

32.1 Equal Opportunity. SUBTENANT shall comply with Title VII of the Civil Rights Act of 1964, as amended; Executive Orders 11246, 11375, and 12086; the California Fair Employment Practices Act; and all other laws, rules and regulations of competent governmental authority. SUBTENANT shall not discriminate against any employee or applicant for employment based on race, religion, color, ancestry, age, gender, gender expression, gender identity, sexual orientation, disability, medical condition or place of birth. SUBTENANT shall cause the foregoing provisions to be inserted in all commercial subleases and all contracts for any work covered by this Sublease so that such provisions will be binding upon each commercial SUBTENANT and contractor. SUBTENANT shall fully cooperate with any investigation conducted by the City of San Diego, in its governmental capacity, pursuant to its Nondiscrimination in Contracting Ordinance [San Diego Municipal Code sections 22.3501-22.3517, as amended from time to time], and upon SUBLANDLORD's request, SUBTENANT shall submit a current Workforce Report. SUBTENANT acknowledges that failure to comply with the requirements of this section and/or submitting false information in response to these requirements may result in termination of this Sublease and debarment from participating in SUBLANDLORD contracts for a period of not less than one (1) year.

32.2 Equal Benefits. SUBTENANT shall comply with San Diego Municipal Code sections 22.4301-22.4308, as amended from time to time, which require lessees of SUBLANDLORD-owned property to offer the same employment benefits to employees

with spouses and employees with domestic partners. SUBTENANT certifies that it will maintain such equal benefits throughout the term of this Sublease.

32.3 Disabled Access Compliance. SUBTENANT shall, as applicable to the Premises and SUBTENANT's possession, use and occupancy thereof, comply with California Government Code sections 11135-11139.5; the Federal Rehabilitation Act of 1973, Section 504, Title V; the Americans with Disabilities Act of 1990 ("ADA"); and all other applicable laws, rules and regulations of competent governmental authority protecting the rights of people with disabilities. SUBTENANT's compliance shall include without limitation the following:

32.3.1 SUBTENANT shall not discriminate against qualified persons with disabilities in any aspects of employment, including recruitment, hiring, promotions, conditions and privileges of employment, training, compensation, benefits, discipline, layoffs and termination of employment.

32.3.2 No qualified individual with a disability may be excluded on the basis of disability from participation in, or be denied the benefits of, services, programs or activities of SUBTENANT.

32.3.3 SUBTENANT shall include language in each commercial sublease which indicates the commercial subtenant's agreement to abide by the foregoing provisions of this section. SUBTENANT and each of its commercial subtenants shall be individually responsible for their own ADA employment programs.

32.3.4 SUBTENANT shall post a statement addressing the requirements of the ADA in a prominent place at the work site.

32.3.5 Where required by law, all improvements, fixtures, structures or installations on the Premises shall comply with municipal disabled-access requirements by bringing up to code and making accessible any areas of the Premises which deny access to disabled persons. All improvements and alterations shall be at SUBTENANT's sole cost and expense.

32.3.6 SUBTENANT acknowledges and agrees that failure to comply with the above requirements and/or submitting false information in response to these requirements shall be a default of this Sublease.

32.4 Drug-free Workplace. SUBTENANT shall abide by the omnibus drug legislation passed by Congress on November 18, 1988, by adopting and enforcing a policy to maintain a drug- free workplace by doing all of the following:

32.4.1 Publish a statement notifying employees that the unlawful manufacture, distribution, dispensation, possession or use of controlled substances are prohibited on the Premises and specifying the actions that will be taken against employees for violations of the prohibition; and

- 32.4.2 Establish a drug-free awareness program to inform employees about all of the following:
- 32.4.3 The dangers of drug abuse in the workplace;
- 32.4.4 SUBTENANT's policy of maintaining a drug-free workplace;
- 32.4.5 Any available drug counseling, rehabilitation, and employee assistance programs; and
- 32.4.6 The penalties that may be imposed upon employees for drug abuse.

SUBTENANT shall include in each of its sublicenses and contracts related to this Sublease language obligating each sub-licensee and contractor to comply with the provisions of this section to maintain a drug-free workplace. SUBTENANT, and each of its sub-licensees and contractors, shall be individually responsible for their own drug-free workplace program.

- 32.5 SUBLANDLORD Employee Participation Policy. SUBLANDLORD may unilaterally and immediately terminate this Sublease if SUBTENANT employs an individual who, within the twelve (12) months immediately preceding such employment did, in their capacity as a SUBLANDLORD officer or employee, participate in negotiations with or otherwise have an influence on a recommendation made to the City Council related to the selection of SUBTENANT for this Sublease. It is not the intent of this policy that these provisions apply to members of the City Council.
- 32.6 Local Business and Employment. SUBTENANT acknowledges that SUBLANDLORD seeks to promote employment and business opportunities for local residents and firms in all SUBLANDLORD contracts. To the extent legally required under applicable law with respect to any work on the Premises, SUBTENANT shall use its best efforts to solicit applications for employment and bids and proposals for contracts from local residents and firms as opportunities occur. SUBTENANT shall use its best efforts to hire qualified local residents and firms whenever practicable.
- 32.7 Nondiscrimination. This Sublease is made and accepted upon and subject to the covenant and condition, which shall run with the land, that SUBTENANT or any person claiming under or through SUBTENANT shall not establish or allow any discrimination against or segregation of any person or group of persons on account of race, color, religion, gender, gender expression, gender identity, disability, sexual orientation, marital status, national origin, ancestry, familial status or source of income in the possession, use and occupancy of the Premises or in the selection, location, number, use or occupancy of SUBTENANT's, sub-subtenants or vendees on the Premises.
- 32.8 Curing SUBTENANT's Defaults. If SUBTENANT defaults in the performance of any of its obligations under this Sublease, CITY may (but shall not be obligated to) without waiving such default, perform the same for the account at the expense of SUBTENANT. SUBTENANT shall pay SUBLANDLORD all costs of such performance promptly upon receipt of a bill therefore.

- 32.9 Sign Control. SUBTENANT shall not affix, paint, erect or inscribe any sign, projection, awning, signal or advertisement of any kind to any part of the Premises, Building or Project, including without limitation, the inside or outside of windows or doors, without the written consent of SUBLANDLORD. SUBLANDLORD shall have the right to remove any signs or other matter, installed without SUBLANDLORD's permission, without being liable to SUBTENANT by reason of such removal, and to charge the cost of removal to SUBTENANT as additional rent hereunder, payable within ten (10) days of written demand by SUBLANDLORD. SUBTENANT shall ensure the one existing exterior sign meets all applicable codes regulations.
- 32.10 Accessibility Assessment. In accordance with California Civil Code section 1938, SUBLANDLORD hereby advises SUBTENANT, and SUBTENANT acknowledges, that the Premises have not been inspected by a Certified Access Specialist (CASP) and makes no representation whether the Premises meet the construction-related accessibility standards of California Civil Code Section 55.53.
- 32.11 Superior Interests. This Sublease is subject to all liens, encumbrances, covenants, conditions, restrictions, reservations, contracts, permits and licenses, easements, and rights-of-way pertaining to the Premises, whether or not of record. SUBTENANT shall obtain all licenses, permits and agreements from such third parties as may be or become necessary or reasonably advisable to allow its use of the Premises, relative to any such superior interest. If SUBTENANT's use of the Premises is or becomes inconsistent or incompatible with a preexisting, superior interest, SUBTENANT shall take such actions and pay all costs and expenses necessary to remove such inconsistency or incompatibility to the satisfaction of the holder of the superior interest.
- 32.12 Compliance with Law. SUBTENANT shall at all times in the construction, maintenance, occupancy, restoration and operation of the Premises comply with all applicable laws, rules and regulations of competent legal authority, at SUBTENANT's sole cost and expense. Upon request, SUBTENANT shall promptly deliver to SUBLANDLORD copies of all documentary evidence of such compliance received by or otherwise available to SUBTENANT. However, SUBTENANT may, after written notice to SUBLANDLORD, by appropriate proceedings conducted promptly at SUBTENANT's expenses, and in SUBTENANT's name, and/or wherever necessary in SUBLANDLORD's name contest in good faith the enforcement of any such law or regulation against SUBTENANT, and SUBTENANT may defer compliance with the same during such contest, provided SUBTENANT diligently prosecutes such contest to a final determination by the authority having jurisdiction thereof, and providing SUBTENANT shall defend, indemnify and save SUBLANDLORD harmless from any fine, penalty or other civil or criminal liability resulting from such contest or deferral.
- 32.13 Governmental Approvals.
- 32.13.1 By entering into this Sublease, neither SUBLANDLORD nor City Council is obligating itself to SUBTENANT or to any governmental agent, board, commission, or agency with regard to any other discretionary action relating to SUBTENANT's occupancy, use, development, upgrades, maintenance

or restoration of the Premises, the Improvements, or any other improvements on the Premises. Discretionary action includes, without limitation, re-zonings, variances, environmental clearances and all other required governmental approvals.

- 32.13.2 SUBTENANT acknowledges and agrees that SUBLANDLORD has not made, nor now makes, any determinations regarding any aspect, sufficiency or legality of any development, rehabilitation, maintenance or restoration of the Premises, the improvements, or any other improvements on the Premises. Furthermore, SUBLANDLORD does not represent, warrant or guarantee any future approval of any development, rehabilitation, maintenance or restoration of the Premises or any improvements on the Premises, by the SUBLANDLORD, in its governmental capacity, or the City Council, nor shall anything in this Sublease be interpreted as representing, warranting or guaranteeing any such future approval. SUBLANDLORD shall not be liable or obligated for any burden or loss, financial or otherwise, incurred by SUBTENANT as a result of SUBLANDLORD's or the City Council's failure to approve any construction, alteration, rehabilitation, or improvement of the Premises, the Improvements, or any other improvements on the Premises.
- 32.13.3 SUBTENANT waives any claim against SUBLANDLORD and its elected officials, officers, employees, representatives and agents for any burden, expense or loss which SUBTENANT incurs as a result of SUBLANDLORD's failure to approve this Sublease or its failure to approve any development, rehabilitation, maintenance or restoration of the Premises, the improvements, or any other improvements on the Premises.
- 32.14 SUBLANDLORD's Consent, Approval. SUBLANDLORD's consent or approval under this Sublease shall mean the written consent or approval of the Mayor of San Diego, or his or her designee ("Mayor"), unless otherwise expressly provided in this Sublease or as required by law. SUBLANDLORD's discretionary acts pursuant to this Sublease shall be made in the Mayor's discretion, unless otherwise expressly provided in this Sublease.
- 32.15 Quiet Enjoyment. If SUBTENANT is not in breach under the covenants made in this Sublease, SUBLANDLORD covenants that SUBTENANT shall have peaceful and quiet enjoyment of the Premises without hindrance on the part of SUBLANDLORD. SUBLANDLORD will defend SUBTENANT in the peaceful and quiet enjoyment of the Premises against claims of all persons, excepting superior authorities, claiming through or under the SUBLANDLORD.
- 32.16 Attornment. Concurrent with the execution of this Sublease, SUBLANDLORD shall provide SUBTENANT with a Non-disturbance and Attornment Sublease ("NDA") from SUBLANDLORD in a form acceptable to SUBLANDLORD and SUBTENANT. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by SUBLANDLORD

covering the Premises, SUBTENANT shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as SUBLANDLORD under this Sublease.

- 32.17 California Public Records Act. SUBLANDLORD shall determine, in its sole discretion, whether information provided to SUBLANDLORD by SUBTENANT is or is not a public record subject to disclosure under the California Public Records Act (CPRA). If SUBTENANT notifies SUBLANDLORD that it objects to the disclosure of certain information to a third party, SUBTENANT shall deliver to SUBLANDLORD, with such notice, specific and detailed legal grounds, including any applicable case law, upon which SUBLANDLORD may rely for withholding any information requested pursuant to the CPRA. If SUBLANDLORD withholds disclosure of information in reliance on such legal analysis provided by SUBTENANT, SUBTENANT shall protect, defend, indemnify and hold SUBLANDLORD and its elected officials, officers, employees, representatives and agents harmless for and from legal actions or challenges seeking to obtain the information from SUBLANDLORD and all costs incurred by SUBLANDLORD associated therewith, and shall defend, at LESSEE's sole expense, any action brought against SUBLANDLORD resulting from SUBLANDLORD's nondisclosure of the information. SUBLANDLORD may, at its election, conduct the defense or participate in the defense of any claim related in any way to this indemnification. If SUBLANDLORD chooses at its own election to conduct its own defense, participate in its own defense, or obtain independent legal counsel in defense of any claim related to this indemnification, SUBTENANT shall pay all of the costs related thereto, including without limitation reasonable attorney fees and costs.

SUBLANDLORD shall not be liable or obligated for any burden or loss (financial or otherwise) incurred by SUBTENANT as a result of SUBLANDLORD's disclosure or non-disclosure of SUBTENANT information requested pursuant to the CPRA.

- 32.18 SUBTENANT's Waiver. SUBTENANT EXPRESSLY WAIVES ANY CLAIM AGAINST SUBLANDLORD AND ITS ELECTED OFFICIALS, OFFICERS, EMPLOYEES, REPRESENTATIVES AND AGENTS FOR ANY BURDEN, EXPENSE OR LOSS THAT SUBTENANT INCURS AS A RESULT OF SUBLANDLORD'S DISCLOSURE OR NON-DISCLOSURE OF SUBTENANT INFORMATION REQUESTED PURSUANT TO THE CPRA.

SUBTENANT's Initials

- 32.19 Force Majeure. Notwithstanding the times for performance set forth in this Sublease, a party shall not be deemed to be in default and shall be entitled to an extension of time for performance if and to the extent that such party's performance is prevented or delayed by any cause without the fault and beyond such party's reasonable control, including without limitation abnormal adverse weather conditions, unavoidable casualties, strikes, labor disputes, inability to obtain labor, materials, or equipment, acts of God, any hostile government actions, delays in obtaining governmental permits and approvals, civil commotion, litigation, and fire or other casualty (collectively, "Events

of Force Majeure”). Bankruptcy, insolvency, or other financial inability on the part of either party hereto shall not be considered Events of Force Majeure.

- 32.20 Exhibits. All exhibits referred to herein are incorporated into this Sublease by this reference and made a part of this Sublease.
- 32.21 Governing Law. This Sublease shall be governed, construed, and enforced in accordance with the internal laws of the State of California, without regard to conflict of laws principles.
- 32.22 Interpretation. The parties have each agreed to the use of the particular language of the provisions of this Sublease, and any question of doubtful interpretation shall not be resolved by any rule of interpretation providing for interpretation against the party who caused an uncertainty to exist or against the draftsman.
- 32.23 No Third Party Beneficiaries. This Sublease is intended to be for the benefit of only the parties hereto and their respective permitted successors and assigns and this Sublease is not intended to create any third party beneficiaries. Not by way of limitation of the foregoing, by entering into and administering and enforcing this Sublease SUBLANDLORD does not intend to protect any third party against the risk of any particular kind of injury within the meaning of California Government Code Section 815.6 and SUBLANDLORD does not intend to create any rights or liabilities thereunder.
- 32.24 Waiver. No provision of this Sublease or the breach thereof shall be deemed waived, except by written consent of the party against whom the waiver is claimed. The waiver by either Party of any breach of any term, covenant, or condition contained in this Sublease shall not be deemed to be a waiver of such term, covenant, or condition of any subsequent breach thereof, or of any other term, covenant, or condition contained in this Sublease. Either Party's subsequent acceptance of partial Rent or performance by SUBTENANT shall not be deemed to be an accord and satisfaction or a waiver of any preceding breach by SUBTENANT of any term, covenant, or condition of this Sublease or of any right of either party to a forfeiture of the Sublease by reason of such breach, regardless of either party's knowledge of such preceding breach at the time of either party's acceptance. The failure on the part of either party to require exact or full and complete compliance with any of the covenants, conditions, of agreements of this Sublease shall not be construed as in any manner changing or waiving the terms of this Sublease or as estopping either party from enforcing in full the provisions hereof. No custom or practice which may arise or grow up between the parties hereto in the course of administering this Sublease shall be construed to waive, estop, or in any way lessen the right of either party to insist upon the full performance of, or compliance with, any term, covenant, or condition hereof by SUBTENANT, or construed to inhibit or prevent the rights of either party to exercise its rights with respect to any default, dereliction, or breach of this Sublease by SUBTENANT.

- 32.25 Cumulative Remedies. SUBLANDLORD's rights and remedies under this Sublease are cumulative and shall not limit or otherwise waive or deny any of SUBLANDLORD's rights or remedies at law or in equity.
- 32.26 Survival. Any obligation which accrues under this Sublease prior to its expiration or termination shall survive such expiration or termination.
- 32.27 Joint and Several Liability. If SUBTENANT is comprised of more than one person or legal entity, such persons and entities, and each of them, shall be jointly and severally liable for the performance of each and every obligation of SUBTENANT under this Sublease.
- 32.28 No Affiliation. Nothing contained in this Sublease shall be deemed or construed to create a partnership, joint venture or other affiliation between SUBLANDLORD and SUBTENANT or between SUBLANDLORD and any other entity or party, or cause SUBLANDLORD to be responsible in any way for the debts or obligations of SUBTENANT or any other party or entity.

SECTION 33: MISCELLANEOUS

- 33.1 Accord and Satisfaction, Allocation of Payments. No payment by SUBTENANT or receipt by SUBLANDLORD of a lesser amount than the Rent provided for in this Sublease shall be deemed to be other than on account of the earliest due Rent, nor shall any endorsement or statement on any check or letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and SUBLANDLORD may accept such check or payment without prejudice to SUBLANDLORD's right to recover the balance of the Rent or pursue any other remedy provided for in this Sublease. In connection with the foregoing, SUBLANDLORD shall have the absolute right in its sole discretion to apply any payment received from SUBTENANT to any account or other payment of SUBTENANT then not current and due or delinquent.
- 33.2 Addenda. If any provision contained in an addendum to Sublease, if any, is inconsistent with any other provision herein, the provision contained in the addendum shall control, unless otherwise provided in the addendum.
- 33.3 Titles and Section Numbers. The titles and section numbers appearing within this Sublease have been inserted as a matter of convenience and for reference only and in no way define, limit or enlarge the scope or meaning of this Sublease.
- 33.4 Choice of Law. The Sublease shall be construed and enforced in accordance with the laws of the State of California.
- 33.5 Consent. Notwithstanding anything contained in this Sublease to the contrary, SUBTENANT shall have no claim, and hereby waives the right to any claim against SUBLANDLORD for money damages by reason of any refusal, withholding or delaying by SUBLANDLORD of any consent, approval or statement of satisfaction, and in such event, SUBTENANT's only remedies therefor shall be an action for specific

performance, injunction or declaratory judgment to enforce any right to such consent, etc.

- 33.6 Counterparts. This Sublease may be executed in multiple counterparts, all of which shall constitute one and the same Sublease.
- 33.7 Execution of Sublease, No Option. The submission of this Sublease to SUBTENANT shall be for examination purposes only, and does not and shall not constitute a reservation of or option for SUBTENANT to lease, or otherwise create any interest of SUBTENANT in the Premises or any other premises within the Building or Project. Execution of this Sublease by SUBTENANT, and its return to SUBLANDLORD shall not be binding on SUBLANDLORD notwithstanding any time interval, until SUBLANDLORD has in fact signed and delivered this Sublease to SUBTENANT.
- 33.8 Furnishing of Financial Statements; Subtenant's Representations. In order to induce SUBLANDLORD to enter into this Sublease SUBTENANT agrees that it shall promptly furnish SUBLANDLORD, from time to time, upon SUBLANDLORD's written request, with financial statements reflecting SUBTENANT's current financial condition. SUBTENANT represents and warrants that all financial statements, records and information furnished by SUBTENANT to SUBLANDLORD in connection with this Sublease are true, correct and complete in all respects.
- 33.9 Further Assurances. The parties agree to promptly sign all documents reasonably requested to give effect to the provisions of this Sublease.
- 33.10 Prior Agreements, Amendments. This Sublease contains all of the agreements of the parties with respect to any matter covered or mentioned in this Sublease, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provisions of this Sublease may be amended or added to except by an agreement in writing signed by the parties or their respective successors in interest.
- 33.11 Severability. A final determination by a court of competent jurisdiction that any provision of this Sublease is invalid shall not affect the validity of any other provision, and any so determined to be invalid shall, to the extent possible, be construed to accomplish its intended effect.
- 33.12 Successors and Assigns. This Sublease shall apply to and bind the heirs, personal representatives, and permitted successors and assigns of the parties.
- 33.13 Time of the Essence. Time is of the essence of this Sublease.
- 33.14 Definition of "Day". For the purposes of this Sublease, "day" means "business day". A business day means any day except for a Saturday, Sunday or holiday. In the event any date, deadline or due date set forth in this Sublease falls on a day that is not a

business day, then such deadline or due date shall automatically be extended to the next business day.

33.15 Entire Agreement. This Sublease constitutes the entire agreement between the parties and supersedes any and all prior understandings, representations, warranties and agreements between them pertaining to this Sublease and SUBTENANT's occupancy, use, development, maintenance and restoration of the Premises. Any modification, alteration or amendment of this Sublease shall be in writing and signed by all the parties hereto. Each party represents and warrants that this Sublease is binding upon such party in accordance with its terms.

33.16 Consents. Unless otherwise specified herein, all consents to be given by either party shall be reasonably and timely given.

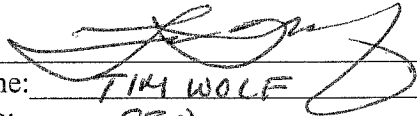
[Remainder of page intentionally left blank.]

33.17 Authority to Contract. Each individual executing this Sublease on behalf of another person or legal entity represents and warrants that they are authorized to execute and deliver this Sublease on behalf of such person or entity in accordance with duly adopted resolutions or other authorizing actions which are necessary and proper and under such legal entity's articles, charter, bylaws or other written rules of conduct or governing agreement, and that this Sublease is binding upon such person or entity in accordance with its terms. Each person executing this Sublease on behalf of another person or legal entity represents and warrants such entity is a valid, qualified corporation, limited liability company, partnership or other unincorporated association in good standing in its home state and that such entity is qualified to do business in California.

IN WITNESS WHEREOF, SUBLANDLORD and SUBTENANT have duly executed this Sublease to be effective as of the Effective Date.

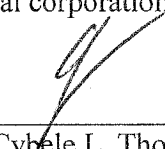
SUBTENANT

KING/CHAVEZ ACADEMY OF EXCELLENCE, a California non-profit public benefit corporation

By: 
Name: TIM WOLF
Title: CEO

SUBLANDLORD:

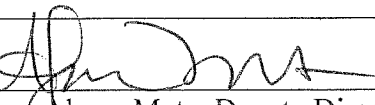
CITY OF SAN DIEGO, a California municipal corporation

By: 
Cybele L. Thompson
Director, Real Estate Assets

Environmental Analysis Section Environmental Clearance

This activity is categorically exempt from CEQA pursuant to CEQA State Guidelines, Section 15301-Existing Facilities

Date: 6/26/17

By: 
Alyssa Muto, Deputy Director
Environment & Policy Analysis

Approved as to form this 28th day
of JUNE, 2017.

MARA W. ELLIOTT, City Attorney

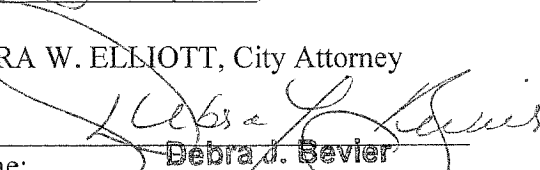
By: 
Name: Debra J. Sevier
Title: Deputy City Attorney

Exhibit "A-1"

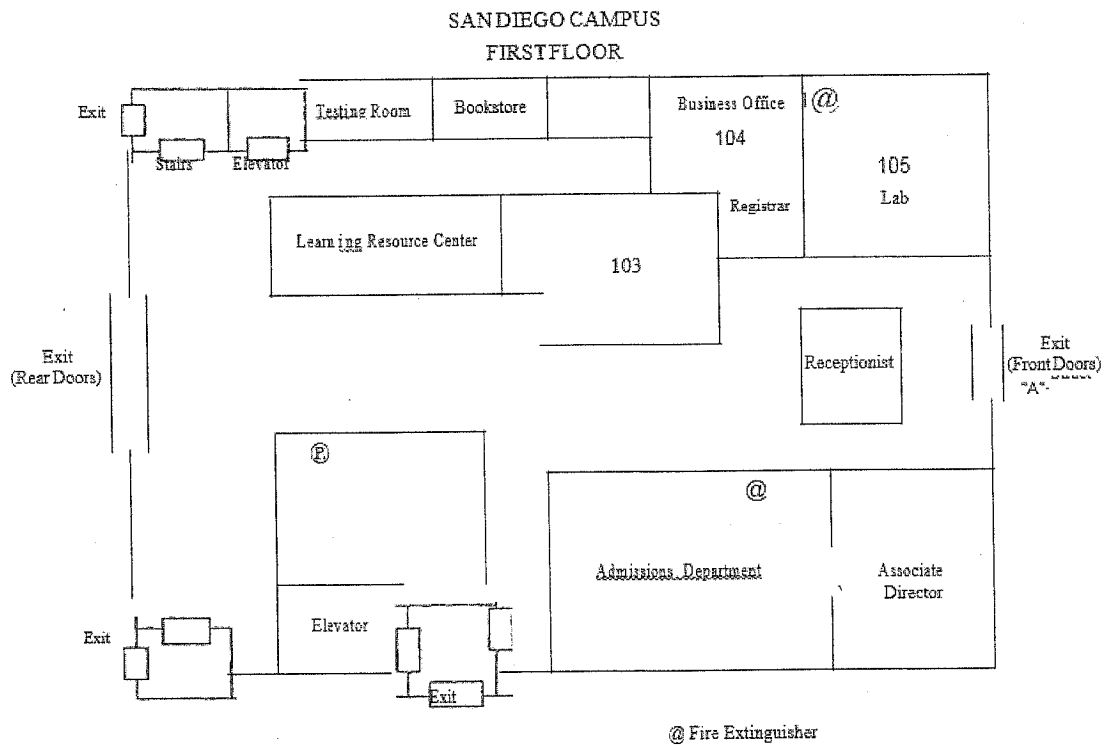


Exhibit "A-2"

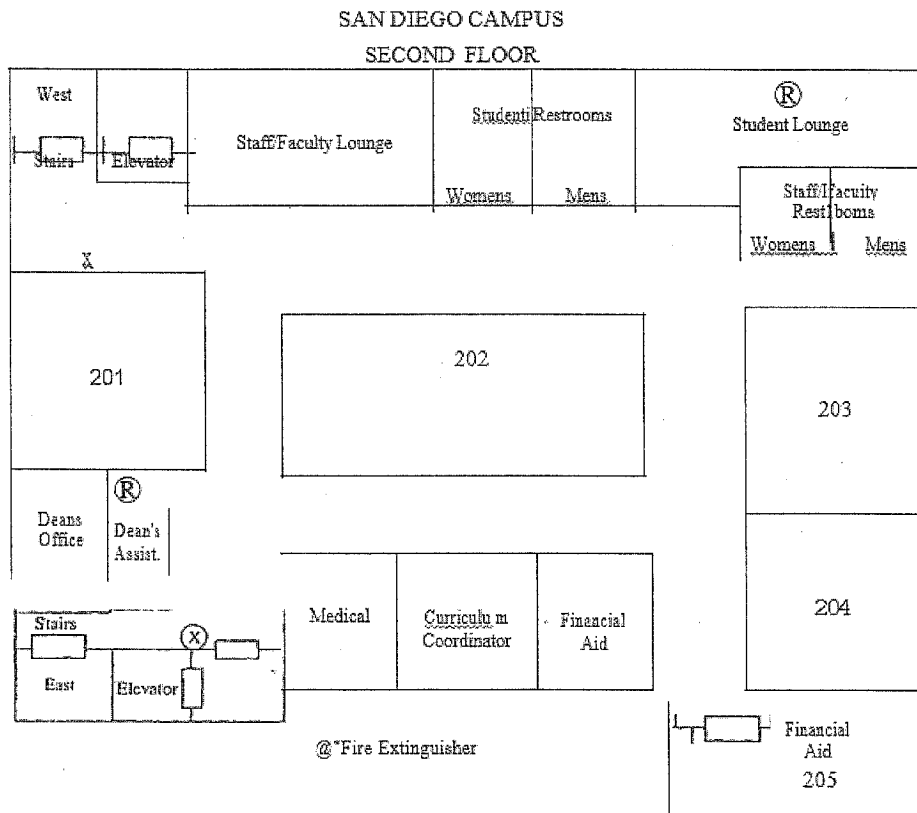


Exhibit "A-3"

SAN DIEGO CAMPUS
THIRD FLOOR

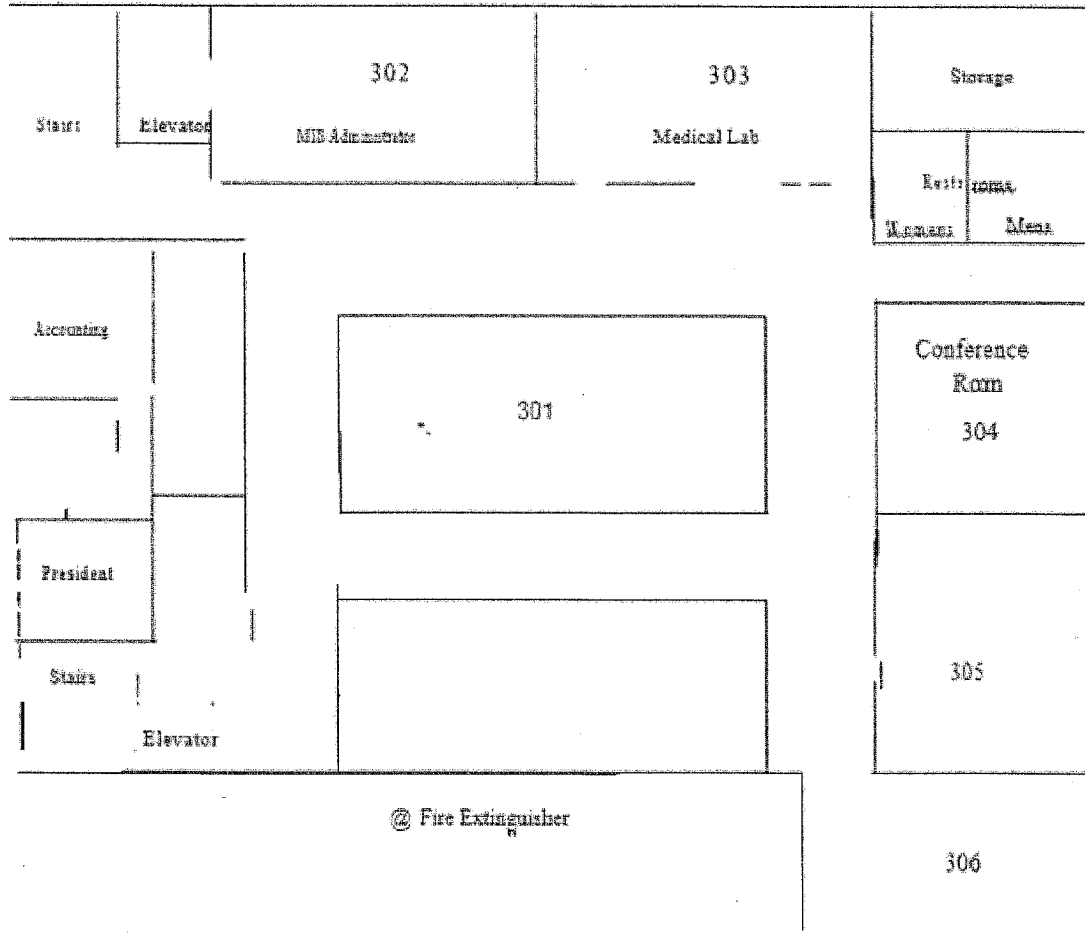
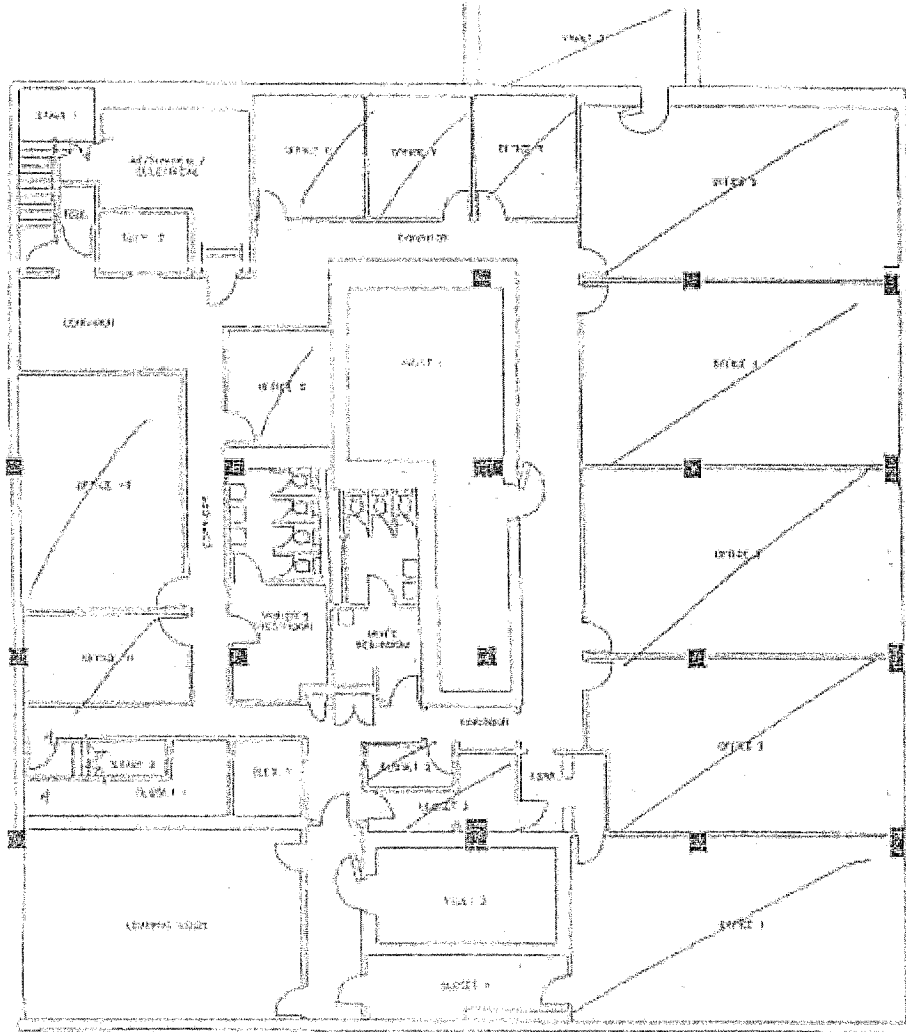


Exhibit "A-4"

**SAN DIEGO CAMPUS
BASEMENT**



AS-BUILT FLOOR PLAN

Exhibit "B"

RULES AND REGULATIONS

- 1) No sign, placard, advertisement, name or notice shall be inscribed, displayed or printed or affixed on or to any part of the outside or inside of the Building without the prior written consent of SUBLANDLORD, and SUBLANDLORD shall have the right to remove any such sign, placard, picture, advertisement, name or notice without notice to and at the expense of SUBTENANT.

All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of SUBTENANT by a person approved by SUBLANDLORD.

SUBTENANT shall not place anything or allow anything to be placed near the glass of any window, door, partition or wall which may appear unsightly from outside the Premises. SUBLANDLORD will furnish and install a building standard window drapery at all exterior windows.

- 2) Tenant will not obtain for use upon the Premises, ice, drinking water, towel or other similar service or accept barbering or bootblacking services on the Premises, except from persons authorized by SUBLANDLORD and at the hours and under regulations fixed by SUBLANDLORD.
- 3) The director of the Building will be provided exclusively for the display of the names and location of each subtenant of the Building and SUBLANDLORD reserves the right to exclude any other names therefrom.
- 4) The sidewalks, halls, passages, exits, entrances, elevators and stairways shall not be obstructed by any subtenants or used by them for any purpose other than for ingress to and egress from their respective premises. The halls, passages, exits, entrances, elevators, stairways, balconies and roof are not for the use of the general public and SUBLANDLORD shall in all cases retain the right to control and prevent access thereto by all persons whose presence in the judgment of the SUBLANDLORD shall be prejudiced to the safety, character, reputation and interests of the Building and its subtenants, providing that nothing herein contained shall be construed to prevent such access to persons with whom the SUBTENANT normally deals in the ordinary course of SUBTENANT's business unless such persons are engaged in illegal activities. No subtenant and no employees or invitees of any subtenant shall go upon the roof of the Building.
- 5) SUBTENANT shall not alter any lock or install any new or additional locks or any locks on any door of the Premises.
- 6) The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the subtenant who, or whose employees or invitees, shall have caused it.

- 7) SUBTENANT shall not overload the floor of the Premises or mark, drive nails, screw or drill into the partitions, woodwork or plaster or in any way deface the Premises or any part thereof.
- 8) No furniture, freight or equipment of any kind shall be brought into the Building without the consent of SUBLANDLORD and all moving of the same into or out of the Building shall be done at such time and in such manner as SUBLANDLORD shall designate. SUBLANDLORD shall have the right to prescribe the weight, size and position of all safes and other heavy equipment brought into the Building and also the times and manner of moving the same in and out of the Building. Safes or other heavy objects will stand on wood strips of such thickness as is necessary to properly distribute the weight. SUBLANDLORD will not be responsible for loss of or damage to any such safe or other property from any cause, and all damage done to the Building by moving or maintaining any such safe or other property shall be repaired at the expense of SUBTENANT.
- 9) SUBTENANT shall not employ any person or persons other than SUBLANDLORD's janitor for the purpose of cleaning the Premises unless otherwise agreed to be SUBLANDLORD. Except with the written consent of SUBLANDLORD, no person or persons other than those approved by SUBLANDLORD shall be permitted to enter the Building for the purpose of cleaning the same. SUBTENANT shall not cause any unnecessary labor by reason of SUBTENANT's carelessness or indifference in the preservation of good order and cleanliness. SUBLANDLORD shall in no way be responsible to any subtenant for any loss of property on the Premises, however occurring, or for any damage done to the effects of any subtenant by the janitor or any other employee or any other person. Janitor service shall include ordinary dusting and cleaning by the janitor assigned to such work and shall not include cleaning of carpets or rugs, except normal vacuuming, or moving of furniture or other special services.
- 10) SUBTENANT shall not use, keep, or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to SUBLANDLORD or other occupants of the Building by reason of noise, odors, and/or vibrations, or interfere in any way with other subtenants or those having business therein, nor shall any animals or birds be brought in or kept in or about the Premises or the Building.
- 11) No cooking shall be done or permitted by SUBTENANT on the Premises, nor shall the Premises be used for the storage of merchandise, for washing clothes, for lodging, or for any improper, objectionable or immoral purposes.
- 12) SUBTENANT shall not use or keep in the Premises or the Building any kerosene, gasoline or inflammable or combustible fluid or material, or use any method of heating or air conditioning other than that supplied by Landlord.
- 13) Landlord will direct electricians as to where and how telephone and telegraph wires are to be introduced. No boring or cutting for wires will be allowed without the consent of SUBLANDLORD. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the approval of SUBLANDLORD.

- 14) SUBTENANT, upon the termination of the tenancy, shall deliver to SUBLANDLORD the keys of offices, rooms and toilet rooms which shall have been furnished to SUBTENANT or which SUBTENANT shall have had made, and in the event of loss of any keys so furnished, shall pay SUBLANDLORD therefor.
- 15) Tenant shall not lay linoleum, tile, carpet or other similar floor covering so that the same shall be affixed to the floor of the Premises in any manner except as approved by SUBLANDLORD. The expense of repairing any damage resulting from a violation of this rule or removal of any floor covering shall be borne by SUBTENANT.
- 16) No furniture, packages, supplies, equipment or merchandise will be received in the Building or carried up or down in the elevators, except between such hours and in such elevator as shall be designated by SUBLANDLORD.
- 17) On Saturdays, Sundays and legal holidays, and on all other days between the hours of 6:00 p.m. and 8:00 a.m., access to the Building, or to the halls, corridors, elevators or stairways in the Building, or to the Premises may be refused unless the person seeking access is known to the person or employee of the Building in charge and has a pass or is properly identified. SUBLANDLORD shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, SUBLANDLORD reserves the right to prevent access to the Building during the continuance of the same by closing the doors or otherwise, for the safety of the subtenants and protection of the Building and property in the Building.
- 18) SUBTENANT shall see that the doors of the Premises are closed and securely locked before leaving the Building and must observe strict care and caution that all water faucets or water apparatus are entirely shut off before SUBTENANT or SUBTENANT's employees leave the Building, and that all electricity shall likewise be carefully shut off, so as to prevent waste or damage. For any default or carelessness, SUBTENANT shall make good all injuries sustained by other subtenants or occupants of the Building or SUBLANDLORD.
- 19) SUBLANDLORD reserves the right to exclude or expel from the Building any person who, in the judgment of SUBLANDLORD, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the Rules and Regulations of the Building.
- 20) The requirement of SUBTENANT will be attended to only upon application to the Office of the Building. Employees of SUBLANDLORD shall not permit any work or do anything outside of their regular duties unless under special instruction from SUBLANDLORD, and no employee will admit any person (Subtenant or otherwise) to any office without specific instruction from SUBLANDLORD.
- 21) No vending machines or machines of any description shall be installed, maintained or operated upon the Premises without the prior written consent of SUBLANDLORD.

- 22) SUBLANDLORD shall have the right, exercisable without notice and without liability to SUBTENANT, to change the name and the street address of the Building.
- 23) SUBTENANT shall not disturb, solicit, or canvass any occupant of the Building and shall cooperate to prevent same.
- 24) Without the prior written consent of SUBLANDLORD, SUBTENANT shall not use the name of the Building in connection with or in promoting or advertising the business of SUBTENANT except as SUBTENANT's address.
- 25) SUBLANDLORD shall furnish heating and air conditioning during the hours of 7:00 a.m. to 7:00 p.m., Monday through Friday, and 7:00 a.m. to 2:00 p.m. on Saturday, except for holidays. In the event SUBTENANT requires heating and air conditioning during off hours, Saturday, or holidays, SUBLANDLORD shall on reasonable notice provide this at an hourly rate to be established by SUBLANDLORD